

1 will require all contractors to obtain and maintain all bonds required to be carried
 2 by any applicable law, regulation, or rule.
 3
 4

5 ARTICLE XIII - SUCCESSORS AND ASSIGNS

6 7 **13.1 Successors and Assigns**

8 This Agreement is binding upon and inures to the benefit of the Parties and their
 9 respective heirs, successors and assigns. Each Party will incorporate in any
 10 assignment or transfer of its interest in the Host, the Isabela Lease, the MC 519
 11 Unit Leases or the LSPS a provision that such assignment is subject to this
 12 Agreement.
 13

14 **13.2 Assignment**

15 **13.2.1** The Producers and the LSPS Owners or each individual member of the
 16 Producers and the LSPS Owners have the right at any time to assign its or
 17 their rights and obligations in this Agreement in whole or in part to an
 18 Affiliate without the prior written consent of the Owner, or to any Third
 19 Party that is financially responsible with the prior written consent of the
 20 Owner, such consent not to be unreasonably withheld. The sale or transfer
 21 of any ownership interest in the Satellite Leases and the LSPS will not be
 22 subject to the prior written consent of the Owner but will be made subject
 23 to the rights, duties and obligations of this Agreement, and any such
 24 transferee will be obligated to ratify and join this Agreement. Written
 25 notice of the completion of any sale or transfer must be given to the Host
 26 Operator within sixty (60) Days of the completion of such transaction and
 27 no assignment will be effective until such sixty (60) Days time period
 28 concludes. The Producers remain responsible for any costs incurred by
 29 the Producers, under the terms of this Agreement prior to (a) the Producers
 30 receipt of written consent of the assignment from the Owner, (b) Host
 31 Operator's receipt of written notice of the assignment and (c) the
 32 assignee's ratification and joinder to this Agreement.
 33

34 **13.2.2** The sale or transfer by the Owner of any ownership interest in the Host
 35 will be made subject to the Owner's rights, duties and obligations under
 36 this Agreement, and any such transferee of such rights, duties and
 37 obligations is obligated to ratify and join this Agreement. Written notice
 38 of the completion of any such sale or transfer must be given to the
 39 Producers within thirty (30) Days of the completion of such transaction.
 40
 41
 42
 43

ARTICLE XIV - NOTICES

14.1 Giving and Responding to Notices

Unless otherwise specifically provided herein to the contrary, all notices, responses, demands, waivers, consents and other communications required or permitted to be given under this Agreement will be made in writing, and delivered to the designated representative in person, by facsimile transmission (followed by a telephone call confirming receipt), by U.S. mail, by overnight express or courier, in each instance with proof of delivery. Notices and responses are deemed to have been duly given and to have become effective (i) upon receipt if delivered in person; (ii) upon receipt if given by facsimile so long as receipt is confirmed by telephone, (iii) two (2) Business Days after having been delivered to an air courier for overnight delivery; or (iv) upon receipt after having been deposited in the U.S. mail, in each instance all fees prepaid. Any such notice is required to and will be directed to the Party, or its permitted assignee. Failure to timely respond to any matter requiring consent is deemed a negative response to such proposal. The following addresses will remain effective until such time as a Party changes its address for notice by giving to the other Parties in accordance with this Section 14.1 (*Giving and Responding to Notices*) of this Agreement.

If to the Isabela Operator, to:

Payments:

BP America Production Company
P.O. Box 848129
Dallas, Texas 75284-8129

Operational Matters:

BP Exploration & Production, Inc.
 200 Westlake Park Blvd.
 Houston, Texas 77079
 Attn: Starlee Waligura, Na Kika Area Operations Manager
 Telephone: (281) 366-1494
 Facsimile: (281) 366 2512

Notices:

BP Exploration & Production, Inc.
 200 Westlake Park Blvd.
 Houston, Texas 77079
 Attn: Kemper Howe, Gulf of Mexico Land Manager
 Telephone: (281) 366-1278
 Facsimile: (281) 366-7569

1 If to the MC 519 Unit Operator, to:

2 Payments:

3 Noble Energy, Inc.
4 P.O. Box 909
5 Ardmore, Oklahoma 73042
6 Attn: Accounts Payable, Deepwater Gulf of Mexico

7 Operational Matters:

8 Noble Energy, Inc.
9 100 Glenborough Drive, Suite 100
10 Houston, Texas 77067
11 Attn: Charles I. Hutto, Deepwater Production Manager
12 Telephone: (281) 876-6277
13 Facsimile: (281) 876-3000

14
15 Notices:

16 Noble Energy, Inc.
17 100 Glenborough Drive, Suite 100
18 Houston, Texas 77067
19 Attn: Daniel S. Mills, Deepwater Land Manager
20 Telephone: (281) 874-6063
21 Facsimile: (281) 876-6300
22

23
24 If to the Host Operator, to:

25 Payments:

26 BP America Production Company
27 P.O. Box 848129
28 Dallas, Texas 75284-8129
29

30 Operational Matters:

31 BP Exploration & Production, Inc.
32 200 Westlake Park Blvd.
33 Houston, Texas 77079
34 Attn: Starlee Waligura, Na Kika Area Operations Manager
35 Telephone: (281) 366-1494
36 Facsimile: (281) 366-2512
37

1 Notices:

2 BP Exploration & Production, Inc.
3 200 Westlake Park Blvd.
4 Houston, Texas 77079
5 Attn: Kemper Howe, Gulf of Mexico Land Manager
6 Telephone: (281) 366-1278
7 Facsimile: (281) 366-7569
8
9

10 If to the Owner, to:

11 Notices:

12 BP Exploration & Production, Inc.
13 200 Westlake Park Blvd.
14 Houston, Texas 77079
15 Attn: Kemper Howe, Gulf of Mexico Land Manager
16 Telephone: (281) 366-1278
17 Facsimile: (281) 366-7569
18
19

20 If to the Producers and LSPS Owners to:

21
22 (a) BP Exploration & Production, Inc.
23

24 Notices:

25 BP Exploration & Production, Inc.
26 200 Westlake Park Blvd.
27 Houston, Texas 77079
28 Attn: Kemper Howe, Gulf of Mexico Land Manager
29 Telephone: (281) 366-1278
30 Facsimile: (281) 366-7569
31

32 Production Nomination Notices:

33 BP Exploration & Production, Inc.
34 201 Helios Way
35 Houston, Texas 77079
36 Attn: Tim Cooper, Operations Services Representative
37 Telephone: (713) 323-5824
38 Facsimile: (713) 323-7468
39

1 (b) Noble Energy, Inc.
2

3 Notices:

4 Noble Energy, Inc.
5 100 Glenborough Drive, Suite 100
6 Houston, Texas 77067
7 Attn: Daniel S. Mills, Deepwater Land Manager
8 Telephone: (281) 874-6063
9 Facsimile: (281) 876-6300
10

11 Production Nomination Notices:

12 Noble Energy, Inc.
13 100 Glenborough Drive, Suite 100
14 Houston, Texas 77067
15 Attn: Melissa Lawrence, Gas Control Manager
16 Telephone: (281)-876-8853
17 Facsimile: (281)876-8845
18

19 (c) Red Willow Offshore, LLC
20

21 Notices:

22 1415 Louisiana St., Ste. 3650
23 Houston, Texas 77002
24 Attn: Rex Richardson
25 Telephone: (281)-822-7509
26 Facsimile: (281)-822-7501
27

28 Production Nomination Notices:

29 14933 Highway 172
30 P.O. Box 369
31 Ignacio, Colorado 81137
32 Attn: Cindy Percell
33 Telephone: (970)-563-5212 (Direct)
34 (970)-563-5210 (Main)
35 Facsimile: (970)-563-5211
36

(d) Houston Energy Deepwater Ventures I, LLC

Notices:

1415 Louisiana St. Ste. 2400
Houston, Texas 77002
Attn: P. David Amend
Telephone: 713-586-5712
Facsimile: 713-650-8305

Production Nomination Notices:

1415 Louisiana St. Ste. 2400
Houston, Texas 77002
Attn: P. David Amend
Telephone: 713-586-5712
Facsimile: 713-650-8305

14.2 Content of Notice

Any notice which requires a response within a time period will indicate the applicable response time. Any notice must contain sufficient detail to allow the Parties to adequately evaluate the scope, timing, costs, etc. of the matter/proposal.

ARTICLE XV - ADMINISTRATIVE AND MISCELLANEOUS

15.1 Infrastructure Disclaimer

THE PRODUCERS HAVE INSPECTED THE HOST AND THE PRODUCERS ASSUME ALL RISKS TO THE COMPONENTS OF THE FACILITY ACCESS MODIFICATIONS ATTENDANT OR RELATED TO THE PLACING OF COMPONENTS OF THE FACILITY ACCESS MODIFICATIONS THEREON, AND WILL HOLD THE OWNER HARMLESS FROM ANY LOSS OR DAMAGE OR DESTRUCTION TO SAID COMPONENTS OF THE FACILITY ACCESS MODIFICATIONS RESULTING FROM, ARISING OUT OF, OR RELATED IN ANY WAY TO THE HOST, OR ANY DEFECT IN, OR FAILURE OF SAME, REGARDLESS OF WHETHER SUCH DEFECT, FAILURE, OR OTHER CONDITION OF THE HOST IS DUE TO THE SOLE OR JOINT NEGLIGENCE OR FAULT OF THE OWNER.

15.2 Disclaimer of Warranties

THE PRODUCERS AND THE LSPS OWNERS ACKNOWLEDGE THAT, NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, THE HOST AND ANY INFRASTRUCTURE, FLOWLINE, PLATFORM,

1 FACILITY, EQUIPMENT OR OTHER PROPERTY, PERSONAL OR REAL,
 2 MOVABLE OR IMMOVABLE LOCATED THEREON OR CONNECTED
 3 THERETO ARE ACCEPTED BY THE PRODUCERS AND BY THE LSPS
 4 OWNERS AND ARE PROVIDED "AS IS", "WITH ALL FAULTS", WITHOUT
 5 ANY STATUTORY, EXPRESS, OR IMPLIED WARRANTIES OR
 6 REPRESENTATIONS INCLUDING, WITHOUT LIMITATION, ANY
 7 WARRANTY OF FITNESS, QUALITY, MERCHANTABILITY, OR
 8 CONDITION. THE PRODUCERS AND THE LSPS OWNERS
 9 ACKNOWLEDGE THAT THE OWNER HAS NOT MADE, AND THE
 10 OWNER HEREBY EXPRESSLY DISCLAIMS ANY SUCH
 11 REPRESENTATIONS OR WARRANTIES. EXCEPT AS OTHERWISE
 12 PROVIDED HEREIN, THE PRODUCERS AND THE LSPS OWNERS
 13 EXPRESSLY ASSUME THE RISK THAT ANY DEFECT IN OR FAILURE OF
 14 SUCH HOST, INFRASTRUCTURE, PLATFORM, FACILITY, EQUIPMENT,
 15 OR PROPERTY MAY RENDER SUCH ITEMS UNFIT FOR THE PURPOSES
 16 SET FORTH HEREIN.
 17

18 15.3 Host Access & Boarding

- 19 (a) Each Satellite Operator and the LSPS Operator will provide the Host
 20 Operator with at least fifteen (15) Days prior reasonable notice of, and
 21 obtain prior permission for, any intent to board the Host to conduct
 22 operations as contemplated herein. This notice must include a detailed
 23 description of the operation(s) to be conducted, a summary of anticipated
 24 work procedures, a summary of the tools and equipment that are
 25 anticipated to be used when performing the operation(s), the anticipated
 26 work schedule, as well as a brief description of the number of Satellite
 27 Operator employees or LPSP Operator employees, or their contractors' or
 28 subcontractors' employees or agents requesting boarding permission and
 29 the length of stay. Furthermore, this notice must conform to the Host
 30 Operator's standard requirements for a "work permit", as amended from
 31 time to time. Upon receipt of such prior reasonable notice, and if the Host
 32 Operator determines, in its sole discretion, that there will be no
 33 unreasonable conflict or interference with its own operations, the Host
 34 Operator will provide the Satellite Operator, at the Producers' sole cost,
 35 risk, liability and expense, or the LSPS Operator at the LSPS Owners' sole
 36 cost, risk, liability and expense, rights of ingress and egress to certain
 37 space on the Host for the purposes of installing the LSPS or Facility
 38 Access Modifications or the Satellite Well System as provided for herein.
 39 Such ingress and egress, and all activities conducted hereunder will be
 40 subject to the strict observance of all of the Host Operator's safety policies
 41 and procedures applicable to the Host including, but not limited to, any
 42 required safety training by Host Operator. Furthermore, such visit will be
 43 under the direction of and supervised by Host Operator personnel. Except
 44 with the express authorization of the Host Operator, neither the Satellite

Operator, nor the LSPS Operator nor their contractor or subcontractor employees or agents, have the right to observe any drilling, workover or other operations conducted by the Host Operator or any Third Parties on the Host.

- (b) In the event of an emergency or critical event involving the Satellite System, the Satellite Operator or the LSPS Operator may contact the Host Operator and request immediate ingress and egress to certain space on the Host for purposes of conducting activities to respond to such emergency. If the Host Operator determines, in its sole discretion, that there will be no unreasonable conflict or interference with its own operations and that such ingress and egress is necessary to respond to such emergency or critical event, the Host Operator will provide such temporary rights of ingress and egress at the sole cost, risk, liability and expense of the Satellite Operator and/or the LSPS Operator.

15.4 Representations and Warranties

15.4.1 Each Party represents and warrants to the other Parties that on and as of the Effective Date hereof:

- (a) It is duly formed and validly existing and in good standing under the laws of its state or jurisdiction of formation, with power and authority to carry on the business in which it is engaged and to perform its respective obligations under this Agreement;
- (b) The execution and delivery of this Agreement has been duly authorized and approved by all requisite corporate, limited liability company, partnership or similar action;
- (c) It has the entire requisite corporate, limited liability company, partnership or similar power and authority to enter into this Agreement and perform its obligations hereunder;
- (d) The execution and delivery of this Agreement does not, and consummation of the transactions contemplated herein will not, violate any of the provisions of organizational documents, any agreement pursuant to which it or its property is bound, to its knowledge, any applicable Laws; and
- (e) This Agreement is valid, binding and enforceable against it in accordance with its terms, subject to bankruptcy, moratorium, insolvency and other Laws generally affecting creditors' rights and general principles of equity (whether applied in a proceeding in a court of law or equity).

- 1 **15.4.2** Owner represents and warrants to the Producers that:
- 2
- 3 (a) As of the Effective Date, there is no Third Party Production being
- 4 handled on Owner's share of the Host.
- 5
- 6 (b) Owner has the power and authority to bind the Host Operator to
- 7 perform the duties and obligations described for the Host Operator
- 8 under this Agreement only to the extent Owner has authority to do
- 9 so pursuant to the Na Kika Obligations.
- 10
- 11 **15.5 Warranty of Title**
- 12 **15.5.1** Each Producer warrants title to its share of Satellite Production to be
- 13 handled by the Host Operator and indemnifies the Owner pursuant to
- 14 Section 11.2.1 (*Satellite Production*) of this Agreement.
- 15
- 16 **15.5.2** Owner warrants title to its share of the Host Production to be handled on
- 17 the Host and indemnifies the Producers pursuant to Section 11.2.2 (*Non-*
- 18 *Satellite Production*) of this Agreement.
- 19
- 20 **15.6 Standard of Performance**
- 21 The Host Operator, the Owner, each Satellite Operator and the LSPS Operator
- 22 will conduct all operations in a proper and workmanlike manner in accordance
- 23 with methods and practices customarily used in sound oil and gas field practice
- 24 and with that degree of diligence reasonable and ordinarily exercised by an
- 25 experienced prudent operator engaged in a similar activity under the same or
- 26 similar circumstances.
- 27
- 28 **15.7 Producers' Employees, Consultants, and Contractors**
- 29 The Producers will endeavor to keep the Host and all Satellite Production and
- 30 Non-Satellite Production free from all liens and encumbrances which might arise
- 31 by reason of the operations conducted under this Agreement or any other
- 32 agreements affecting the Satellite Leases.
- 33
- 34 **15.8 Host Operator's Employees, Consultants, and Contractors**
- 35 The Owner will endeavor to keep the Host, and all Satellite Production and Non-
- 36 Satellite Production free from all liens and encumbrances which might arise by
- 37 reason of the operations conducted under this Agreement affecting the Host
- 38 Leases.
- 39

1 **15.9 Further Assurances**

2 Subject to the terms and conditions set forth in this Agreement, each of the Parties
3 agrees to use all reasonable efforts to take, or to cause to be taken, all actions, and
4 to do, or to cause to be done, all things reasonably necessary, proper or advisable
5 under applicable Laws to consummate and make effective the transactions
6 contemplated by this Agreement. In case, at any time after the execution of this
7 Agreement, any further action is deemed necessary or desirable to carry out its
8 purposes, the proper officers, directors, or other appropriate representatives of the
9 Parties will take or cause to be taken all such reasonably necessary action.

10
11 **15.10 Non-Compliance Citations**

12 The respective Satellite Operator will be responsible for any non-compliance
13 citations issued by governmental agencies with respect to the Satellite Well
14 System or the Satellite Leases, and such citations will be promptly reported to the
15 Host Operator. The LSPS Operator will be responsible for any non-compliance
16 citations issued by governmental agencies with respect to the LSPS, and such
17 citations will be promptly reported to the Host Operator. The Owner will be
18 responsible for any non-compliance citations issued by governmental agencies
19 with respect to the Host Leases or the Host and such citations will be promptly
20 reported to the Satellite Operator and the LSPS Operator.

21
22 **15.11 Dispute Resolution**

23 Any claim, controversy or dispute arising out of, relating to or in connection with
24 the interpretation of this Agreement or any activity or operation conducted or to
25 be conducted hereunder, shall be resolved in accordance with the mediation and
26 binding arbitration procedures set forth in Exhibit "I" (*Dispute Resolution*
27 *Procedures*) to this Agreement. However, claims for Indemnification between or
28 among the Parties shall be excluded from this provision when they arise out of or
29 are related to a lawsuit filed by a Third Party. For economy of legal resources, the
30 Parties' claims for Indemnification shall be resolved in conjunction with such
31 judicial proceeding.

32
33 **15.12 Waivers**

34 Neither action taken (including, without limitation, any investigation by or on
35 behalf of a Party) nor inaction pursuant to this Agreement will be deemed to
36 constitute a waiver of compliance with any representation, warranty, covenant or
37 agreement contained herein by the Party not committing such action or inaction.
38 A waiver by any Party of a particular right, including, without limitation, breach
39 of any provision of this Agreement, will not operate or be construed as a
40 subsequent waiver of that same right or a waiver of any other right.

41

1 **15.13 Remedies**

2 The rights, obligations, and remedies created by this Agreement are cumulative
3 and in addition to any other rights, obligations, or remedies otherwise available at
4 Law or in equity. Nothing herein will be considered an election of remedies.
5

6 **15.14 No Third Party Beneficiaries**

7 Except to the extent a Third Party is expressly given rights herein, any agreement
8 herein contained, expressed or implied, will be only for the benefit of the Parties
9 and their respective legal representatives, successors, and assigns, and such
10 agreements or assumptions will not inure to the benefit of any other Person
11 whomsoever, it being the intention of the Parties that no Person will be deemed a
12 Third Party beneficiary to this Agreement except to the extent a Third Party is
13 expressly given rights herein.
14

15 **15.15 Confidentiality Provisions**

16 **15.15.1** The Parties agree to keep in secrecy and confidence until the termination
17 of this Agreement the Confidential Information, save and except:
18

- 19 (a) to their respective Affiliates, subcontractors and consultants and
20 their respective employees, servants or agents actively engaged in
21 the operations hereunder to the extent that they need to know for
22 purposes related to this Agreement;
23
24 (b) if and to the extent it is required or requested to do so by any law
25 or by any court or regulatory agency or authority in any
26 jurisdiction, provided that the disclosing Party will, if permitted to
27 do so, notify the other Parties in writing as soon as possible upon
28 becoming aware of any such requirement so that the non-
29 disclosing Parties may seek a protective order or other remedy. A
30 disclosing Party shall furnish only such Confidential Information
31 as is legally required an/or compelled and will use its reasonable
32 efforts to obtain confidential treatment for any Confidential
33 Information disclosed; or
34
35 (c) to any bona fide financially responsible prospective assignee of all
36 or any portion of a Party's interest in the Host and/or Host Leases
37 or Satellite System and/or Satellite Leases (whichever the case
38 may be) provided that such prospective assignee has executed a
39 confidentiality agreement requiring it to maintain the secrecy and
40 confidentiality of the Confidential Information.
41

1 **15.15.2** Notwithstanding the foregoing, the provision of confidentiality, use, and
 2 disclosure above will not apply to information:

- 3
- 4 (a) which was in the public knowledge or literature at the time of
 5 disclosure by any Party hereunder;
- 6
- 7 (b) which was already in the possession of any Party at the time of
 8 disclosure hereunder without obligation of confidentiality;
- 9
- 10 (c) which was or is subsequently developed by any Party without use
 11 of the Confidential Information;
- 12
- 13 (d) which subsequent to disclosure hereunder and without fault of the
 14 disclosing Party becomes part of the public knowledge; or
- 15
- 16 (e) which is disclosed to any Party (without the obligation of
 17 confidentiality) by a Third Party having, to the best knowledge of
 18 the receiving Party, the legal right to do so.
- 19

20 **15.15.3** Any Party who assigns its interest in this Agreement remains bound by
 21 the confidentiality obligations of this Agreement as to any Confidential
 22 Information obtained throughout the term of this Agreement.

23

24 **15.15.4** All Confidential Information made available to the Parties hereunder
 25 will be done so on an "as is" basis without any warranties, either express
 26 or implied, as to the accuracy, validity, or utility of such information. In
 27 no event will any Party be liable for any damages of whatever nature
 28 arising out of, or resulting from, making the Confidential Information
 29 available under this Agreement.

30

31 **15.16 Commitment of Oil and Gas Reserves**

32 Subject to Article X (*Term, Default, and Termination*) of this Agreement, for the
 33 life of the Satellite Leases, the Producers commit to: (i) deliver all Satellite
 34 Production to the Host for production handling, except that the Producers reserve
 35 unto themselves, their successors and assigns, the right : (a) to use quantities of
 36 Satellite Production sufficient to satisfy Satellite Leases' development and
 37 operations including, but not limited to, additional recovery operations and the
 38 use of gas for fuel, flaring, pigging, drilling, deepening, reworking, or other such
 39 lease operations, (b) to use quantities of Satellite Production sufficient to satisfy
 40 any royalty interest in Satellite Production that the royalty owner may elect to
 41 take in kind, and (c) for the Producers of the MC 519 Unit Leases to elect to
 42 process at a facility other than the Host any oil and/or gas production from such
 43 leases produced from above the depth of fifteen thousand (15,000) feet total
 44 vertical depth.

1
2 **15.17 Compliance with Laws and Regulations**

3 This Agreement and all of the terms and conditions contained herein, and the
4 respective obligations of and the operations conducted by the Parties, are
5 expressly subject to and will remain subject to and comply with all valid and
6 applicable laws, orders, rules, and regulations of any federal, state, or local
7 governmental authority having jurisdiction over the Host Leases and the Satellite
8 Leases, as well as the Host and the LSPS. Each of the Parties hereto agree that
9 they will at all times maintain their respective facilities and leases and conduct
10 their operations thereon in accordance with all valid and applicable laws.

11
12 No Party will suffer a forfeiture or be liable in damages to the other Parties for
13 any delays or damages or any failure to act, due, occasioned or caused by reason
14 of laws respecting the activities or operations covered hereby and such delays or
15 damages, will not be deemed to be a breach of or failure to perform under this
16 Agreement.

17
18 **15.17.1 Applicable Law:** TO THE MAXIMUM EXTENT PERMISSIBLE,
19 THE GENERAL MARITIME LAWS OF THE UNITED STATES
20 SHALL GOVERN THE VALIDITY, CONSTRUCTION,
21 INTERPRETATION, AND EFFECT OF THIS AGREEMENT,
22 EXCLUDING ANY CHOICE OF LAW RULES WHICH WOULD
23 OTHERWISE REQUIRE THE APPLICATION OF LAWS OF ANY
24 OTHER JURISDICTION. IN THE EVENT MARITIME LAW IS
25 HELD TO BE INAPPLICABLE BY A COURT OF COMPETENT
26 JURISDICTION, THE LAWS OF THE ADJACENT STATE OF THE
27 SATELLITE LEASES HEREUNDER SHALL APPLY UNLESS (i)
28 OTHERWISE PROVIDED IN THIS AGREEMENT OR (ii)
29 APPLICATION OF SUCH LAW TO A PARTICULAR PROVISION
30 WOULD PREVENT ENFORCEMENT OF SUCH PROVISION, IN
31 WHICH CASE THE LAW APPLICABLE TO SUCH PROVISION
32 SHALL BE ANY POTENTIALLY APPLICABLE LAW THAT
33 WOULD ALLOW ENFORCEMENT OF SAID PROVISION AS
34 WRITTEN.

35
36 **15.17.2 Severance of Invalid Provisions:** The Parties intend that every
37 provision of this Agreement, the Exhibits attached hereto, and the
38 documents incorporated herein by reference be severable. If any term or
39 other provision of this Agreement is found to be invalid, illegal or
40 incapable of being enforced by any rule of law or public policy, all other
41 conditions and provisions of this Agreement will remain in full force and
42 effect. The illegality, invalidity or unenforceability of any provisions
43 hereof will not affect the legality, validity or enforceability of the
44 remainder of this Agreement. In the case of conflict between the

provisions of this Agreement and the provisions of any applicable laws or regulations, the provisions of the laws or regulations will govern over the provisions of this Agreement. If, for any reason and for so long as, any clause or provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid, unenforceable or unconscionable under any present or future law (or interpretation thereof), the remainder of this Agreement will not be affected by such illegality or invalidity. Any such invalid provision will be deemed severed from this Agreement as if this Agreement had been executed with the invalid provision eliminated. Any term or provisions of this Agreement that is invalid or unenforceable in any jurisdiction will be ineffective only as to such jurisdiction and then only to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, each provision will be interpreted to be only so broad as is enforceable. A bankruptcy or similar trustee must accept or, to the extent permitted by Law, reject this Agreement in its entirety.

15.17.3 Fair and Equal Employment: Each of the Parties is an Equal Opportunity Employer. To the extent that this Agreement may be subject to Executive Order 11246, as amended, the equal opportunity provisions (41 CFR 60-1) are incorporated herein by reference. If the Non-Discrimination in the OCS provisions of 30 CFR 270 apply to this Agreement and the operations conducted under it, the provisions of 30 CFR 270 are also incorporated by reference. To the extent required by applicable Laws and regulations, this Agreement also includes and is subject to the affirmative action clauses concerning disabled veterans and veterans of the Vietnam era (41 CFR 60-250) and the affirmative action clauses concerning employment of the handicapped (41 CFR 60-741), which clauses are incorporated herein by reference. In performing work under this Agreement, the Parties agree to comply with (and the Host Operator and the Satellite Operator, as applicable, will require each independent contractor to comply with) the governmental requirements set forth in Exhibit "J" (*Certification of Non-Segregation of Facilities*) to this Agreement, pertaining to non-segregated facilities. This Agreement and the Parties are also subject to any other applicable rules and regulation relating to non-discrimination that may be promulgated from time to time by any governmental body having jurisdiction over the subject matter of this Agreement. The Owner and the Producers do not condone in any way the use of illegal drugs or controlled substances. The Host Operator and the Satellite Operator, as applicable, will maintain in effect a drug free workplace policy.

1
2 **15.18 Construction and Interpretation of this Agreement**

3 The construction and interpretation of the terms of this Agreement will be
4 governed by the following conventions:

5
6 **15.18.1 Heading for Convenience:** All references in this Agreement to articles,
7 sections, subsections and Exhibits hereof will refer to the corresponding
8 article, section, subsection or Exhibit of this Agreement, unless specific
9 reference is made to such articles, sections, subsection or exhibit of
10 another document or instrument. All titles or headings to Articles,
11 subarticles or other divisions of this Agreement except Article II
12 (*Definitions and Exhibits*) or the Exhibits hereto are only for the
13 convenience of the Parties and will not be construed to have any effect
14 or meaning with respect to the other content of such Articles, subarticles
15 or other divisions, such other content being controlling as to the
16 agreement between the Parties.

17
18 Except as otherwise provided in this Agreement, each reference to an
19 article of this Agreement will include the entire referenced article
20 including its sections and subsections. Except as otherwise provided in
21 this Agreement, each reference to a section in this Agreement will
22 include all of the section including its subsections. Except as otherwise
23 provided in this Agreement, each reference to an Exhibit in this
24 Agreement will include all of the Exhibit including articles, sections and
25 subsections.

26
27 **15.18.2 Gender:** All personal pronouns used in this Agreement, whether used in
28 the masculine, feminine, or neuter gender, will include all other genders.

29
30 **15.18.3 Number:** Whenever the context requires, reference herein made to the
31 singular will be understood to include the plural, and the plural will
32 likewise be understood to include the singular.

33
34 **15.18.4 Independent Representation:** The Owner, the LSPS Owners and
35 each individual Producers declare that they have contributed to the
36 drafting of this Agreement or have had it reviewed by their counsel
37 before signing it. Each agrees that it has been purposefully drawn and
38 correctly reflects their understanding of the transaction that it
39 contemplates. Accordingly, this Agreement, though drawn by one Party,
40 will be considered for all purposes as prepared through the joint efforts
41 of the Parties, and will not be construed unfairly and unreasonably and
42 not more strictly against one Party or another Party as a result of the
43 preparation. Each Party has had the benefit of independent
44 representation with respect to the subject matter of this Agreement.

1
2 **15.19 Integrated and Entire Agreement**

3 This Agreement, and the Exhibits attached thereto, constitute the entire and final
4 agreement between the Parties pertaining to the subject matter hereof and as such
5 supersedes all prior agreements, understandings, negotiations, and discussion,
6 whether oral or written. There are no representations, warranties, promises, or
7 other agreements, oral or written, between the Parties in connection with the
8 subject matter hereof, other than those specifically set forth in this Agreement or
9 in documents delivered pursuant to this Agreement.

10
11 Upon execution of this Agreement by all of the Parties, this Agreement will
12 supersede and replace all previous negotiations, understandings, promises, or
13 discussions, whether written or oral, relative to the subject matter of this
14 Agreement. Each of the Parties acknowledges that no Party has made any
15 promise, representation or warranty that is not expressly stated in this Agreement.
16

17 **15.20 Amendment and Modification**

18 Except as otherwise provided in this Agreement, all amendments, supplements,
19 and modification to this Agreement will be in writing and executed by all of the
20 Parties. This Agreement will not be modified or changed except by a written
21 amendment signed by all of the Parties.
22

23 **15.21 Survivability**

24 The provisions, including any obligations associated therewith, relating to the
25 payment of invoices, audit, abandonment, indemnity, regulatory compliance,
26 representation, warranty, and confidentiality, will survive the cancellation or
27 termination of this Agreement without regard to any action taken pursuant to this
28 Agreement, including without limitation, the execution of any documents
29 affecting an interest in real property or any investigation made by the Party
30 asserting the breach thereof. Notwithstanding the foregoing, the indemnification
31 provisions contained in Article XI (*Liabilities and Indemnification*) to this
32 Agreement will survive until the later of (i) judicial declaration of the expiration
33 of the applicable statute of limitations or (ii) all claims arising hereunder have
34 been concluded. Accordingly, cancellation or termination of this Agreement will
35 not relieve any Party from and costs, expenses, or liability accrued or incurred
36 prior to the cancellation or termination of this Agreement, and the provisions of
37 this Agreement will continue in force for such additional time as necessary until
38 all claims or lawsuits have been settled or otherwise disposed of and a final
39 accounting and settlement has been made under this Agreement.
40

1 **15.22 Existing Agreements**

2 Unless specifically excepted or reserved, and to the extent that they are binding on
 3 the Owner, the Producers, the LSPS Owners and the Owner agree that this
 4 Agreement will be made subject to (and Producers and the LSPS Owner accepts
 5 that this Agreement is subject to) any and all valid and existing reservations,
 6 exceptions, limitations, contracts, agreements, licenses, leases, grants and all other
 7 agreements or instruments affecting the Host (i) which are of record with the
 8 BOEMRE or official county/parish records, (ii) of which Producers have actual or
 9 constructive notice or knowledge, including, without limitation, any matter
 10 included or referenced in materials made available to Producers by the Owners for
 11 their review prior to the execution of this Agreement, or (iii) which are part of the
 12 Na Kika Obligations.
 13

14
 15 **ARTICLE XVI - EXECUTION**
 16

17 **16.1 Effect**

18 Upon its execution by all of the Parties, this Agreement will become effective as
 19 of the Effective Date and will be binding upon and inure to the benefit of the
 20 Parties and their respective legal representatives, successors, and assigns.
 21

22 **16.2 Counterparts**

23 This Agreement may be executed by signing the original or a counterpart thereof.
 24 If this Agreement is executed in multiple counterparts, each counterpart will be
 25 deemed an original and all counterparts when taken together will constitute but
 26 one and the same Agreement with the same effect as if all of the Parties had
 27 signed the same instrument. This Agreement may also be ratified by separate
 28 instrument referring to this Agreement and adopting by reference all the
 29 provisions of this Agreement. A ratification will have the same effect as an
 30 execution of the original Agreement.
 31

32
 33 **[Remainder of this page intentionally left blank]**
 34

1 **IN WITNESS WHEREOF**, this Agreement is executed by each Party through its
 2 duly authorized agent or representative on the date shown below the respective signature
 3 of each, but is effective as of the Effective Date.

4
 5 **OWNER**

6
 7 **BP EXPLORATION & PRODUCTION, INC.** (Owner) *JP*

8
 9 By: *Peter A. Zwart*

10
 11 Name: PETER A ZWART

12
 13 Title: CFO

14
 15 Date: 21 SEP 010

16
 17
 18
 19 **ISABELA PRODUCERS**

20
 21 **BP EXPLORATION & PRODUCTION, INC.** (Isabela Producer and Operator)

22
 23 By: *Peter A. Zwart* *JP*

24
 25 Name: PETER A ZWART

26
 27 Title: CFO

28
 29 Date: 21 SEP 010

30
 31
 32 **NOBLE ENERGY, INC.** (Isabela Producer)

33
 34 By: *John T. Lewis* *off Mkt. Int. rsm/KR JP*

35
 36 Name: John T. Lewis

37
 38 Title: Vice President

39
 40 Date: 9/21/10

1 MC 519 UNIT PRODUCERS

2
3
4 NOBLE ENERGY, INC. (MC 519 Unit Producer and Operator)

5
6 By: John T. Lewis

7
8 Name: John T. Lewis

9
10 Title: Vice President

11
12 Date: 9/21/10

*Print
Name
Title
Date*

13
14
15 BP EXPLORATION & PRODUCTION, INC. (MC 519 Unit Producer) *9/21/10*

16
17 By: Pete A. Smart

18
19 Name: PETE A SMART

20
21 Title: CFO

22
23 Date: 21 SEP 2010

9/21/10

24
25
26 RED WILLOW OFFSHORE, LLC (MC 519 Unit Producer)

27
28 By: _____

29
30 Name: _____

31
32 Title: _____

33
34 Date: _____

AMT

35
36
37 HOUSTON ENERGY DEEPWATER VENTURES I, LLC (MC 519 Unit Producer)

38
39 By: _____

40
41 Name: _____

42
43 Title: _____

44
45 Date: _____

AMT

1 **LSPS OWNERS**

2
3 **BP EXPLORATION & PRODUCTION, INC. (LSPS Owner and Operator)** *96w*

4
5 By: *Peter A Zwart* *ADP*

6
7 Name: *PETER A ZWART*

8
9 Title: *CFO*

10
11 Date: *21 SEP 010*

12
13
14 **NOBLE ENERGY, INC. (LSPS Owner)**

15
16 By: *John T. Lewis* *John T. Lewis*

17
18 Name: *John T. Lewis*

19
20 Title: *Vice President*

21
22 Date: *9/21/10* *P.T.H. DSM*

23
24
25 **RED WILLOW OFFSHORE, LLC (LSPS Owner)**

26
27 By: _____

28
29 Name: _____

30
31 Title: _____

32
33 Date: _____

34
35
36 **HOUSTON ENERGY DEEPWATER VENTURES I, LLC (LSPS Owner)**

37
38 By: _____

39
40 Name: _____

41
42 Title: _____

43
44 Date: _____

45

Execution Version

90

1 **MC 519 UNIT PRODUCERS**
2
3

4 **NOBLE ENERGY, INC. (MC 519 Unit Producer and Operator)**
5

6 By: _____
7

8 Name: _____
9

10 Title: _____
11

12 Date: _____
13

14
15 **BP EXPLORATION & PRODUCTION, INC. (MC 519 Unit Producer)**
16

17 By: _____
18

19 Name: _____
20

21 Title: _____
22

23 Date: _____
24

25
26 **RED WILLOW OFFSHORE, LLC (MC 519 Unit Producer)**
27

28 By: Robert J. Voorhees *98*
29

30 Name: Robert J. Voorhees
31

32 Title: President and COO
33

34 Date: September 21, 2010
35

36
37 **HOUSTON ENERGY DEEPWATER VENTURES I, LLC (MC 519 Unit Producer)**
38

39 By: _____
40

41 Name: _____
42

43 Title: _____
44

45 Date: _____

Execution Version

89

1 **LSPS OWNERS**

2
3 **BP EXPLORATION & PRODUCTION, INC. (LSPS Owner and Operator)**

4
5 By: _____

6
7 Name: _____

8
9 Title: _____

10
11 Date: _____

12
13
14 **NOBLE ENERGY, INC. (LSPS Owner)**

15
16 By: _____

17
18 Name: _____

19
20 Title: _____

21
22 Date: _____

23
24
25 **RED WILLOW OFFSHORE, LLC (LSPS Owner)**

26
27 By: Robert J. Voorhees *90 AR*

28
29 Name: Robert J. Voorhees

30
31 Title: President and COO

32
33 Date: September 21, 2010

34
35
36 **HOUSTON ENERGY DEEPWATER VENTURES I, LLC (LSPS Owner)**

37
38 By: _____

39
40 Name: _____

41
42 Title: _____

43
44 Date: _____

45

Execution Version

90

1 MC 519 UNIT PRODUCERS
2
3

4 NOBLE ENERGY, INC. (MC 519 Unit Producer and Operator)
5

6 By: _____
7

8 Name: _____
9

10 Title: _____
11

12 Date: _____
13
14

15 BP EXPLORATION & PRODUCTION, INC. (MC 519 Unit Producer)
16

17 By: _____
18

19 Name: _____
20

21 Title: _____
22

23 Date: _____
24
25

26 RED WILLOW OFFSHORE, LLC (MC 519 Unit Producer)
27

28 By: _____
29

30 Name: _____
31

32 Title: _____
33

34 Date: _____
35
36

37 HOUSTON ENERGY DEEPWATER VENTURES I, LLC (MC 519 Unit Producer)
38

39 By: P. David Amend
40

41 Name: P. DAVID Amend
42

43 Title: Vice President LAND
44

45 Date: September 21, 2010 AMS

1 **LSPS OWNERS**

2

3 **BP EXPLORATION & PRODUCTION, INC. (LSPS Owner and Operator)**

4

5 By: _____

6

7 Name: _____

8

9 Title: _____

10

11 Date: _____

12

13

14 **NOBLE ENERGY, INC. (LSPS Owner)**

15

16 By: _____

17

18 Name: _____

19

20 Title: _____

21

22 Date: _____

23

24

25 **RED WILLOW OFFSHORE, LLC (LSPS Owner)**

26

27 By: _____

28

29 Name: _____

30

31 Title: _____

32

33 Date: _____

34

35

36 **HOUSTON ENERGY DEEPWATER VENTURES I, LLC (LSPS Owner)**

37

38 By: 

39

40 Name: P. David Amend

41

42 Title: Vice President Land

43

44 Date: September 21, 2010

45

AMY

1 EXHIBIT "C"

2
3 Attached to and made part of that certain Deepwater Production Handling and
4 Operating Services Agreement dated effective September 21, 2010, by and between
5 OWNER, LSPS OWNERS and PRODUCERS

6 Accounting Procedures

7
8
9 I. GENERAL PROVISIONS

10
11
12 **1. Definitions**

13
14 All terms used in this Accounting Procedure, if not otherwise defined below, shall
15 have the same meaning as in the Agreement to which this Accounting Procedure is
16 attached.

17
18 "Affiliate" as defined in the Agreement and includes Affiliates as specified
19 herein. Affiliates of the Operator and Non-Operator shall include, but not be limited to,
20 those entities or groups listed on Appendix A to this Exhibit C or their successors.

21
22 "Controllable Material" means Material which at the time of acquisition or
23 disposition is so classified in the Material Classification Manual as most recently
24 recommended by the Council of Petroleum Accountants Societies.

25
26 "First Level Supervision" means those employees whose primary function in Joint
27 Operations is the direct oversight of the Operator's employees and/or contract labor directly
28 employed On-site in a field operating capacity. First Level Supervision functions may
29 include, but are not limited to:

- 30
31
- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
 - Responsibility for day-to-day direct oversight of rig operations
 - Responsibility for day-to-day direct oversight of construction operations
 - Coordination of job priorities and approval of work procedures
 - Responsibility for optimal resource utilization (equipment, Materials, personnel)
 - Responsibility for meeting production and field operating expense targets
 - Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
 - Responsibility for all emergency responses with field staff
 - Responsibility for implementing safety and environmental practices
- 44

- 1 • Responsibility for field adherence to company policy
- 2 • Responsibility for employment decisions and performance appraisals for
- 3 field personnel
- 4 • Oversight of sub-groups for field functions such as electrical, safety,
- 5 environmental, telecommunications, which may have group or team leaders.
- 6

7 **"Joint Account"** means the account showing the charges paid and credits
 8 received in the conduct of the Joint Operations and which are to be shared by the Parties.

9
 10 **"Joint Operations"** means all operations necessary or proper for the
 11 development, operation, protection, maintenance, repair, abandonment and restoration of
 12 the Joint Property.

13
 14 **"Joint Property"** means the real and personal property subject to the Agreement to
 15 which this Accounting Procedure is attached.

16
 17 **"Material"** means personal property, equipment, supplies, or consumables acquired
 18 or held for use by the Joint Property.

19
 20 **"Non-Operators"** means one (1) or more of the following (exclusive of the Host
 21 Operator): (i) Satellite Operator(s), on behalf of the Producers, (ii) the LSPS Operator, on
 22 behalf of the LSPS Owners, and/or (iii) the Producers, as applicable and as stipulated in
 23 the Agreement..

24
 25 **"Offshore Facilities"** means platforms and support systems such as oil and gas
 26 handling facilities, living quarters, offices, shops, cranes, electrical supply equipment and
 27 systems, fuel and water storage and piping, heliport, marine docking installations,
 28 communication facilities, navigation aids, and other similar facilities necessary in the
 29 conduct of offshore operations.

30
 31 **"Off-site"** means any location that is not considered On-site as defined in this
 32 Accounting Procedure.

33
 34 **"On-site"** means on the Joint Property when in direct conduct of Joint Operations.
 35 The term "On-site" shall also include, but not be limited to a platform, the Production
 36 System, that portion of Offshore Facilities, Shore Base Facilities, fabrication yards,
 37 Material storage facilities, staging areas from which Joint Operations are conducted, and
 38 other facilities, such as Remote Technology Centers, regardless of its location and whether
 39 the facility or equipment is owned by the Joint Account.

40
 41 **"Personal Expenses"** means travel, transportation, meals, accommodations,
 42 temporary living expenses, relocation costs, and other reimbursable expenses of Host
 43 Operator's employees, employees of Affiliates, or of third parties performing chargeable
 44 functions.

1 **"Remote Technology Center (RTC)"** means a facility, regardless of whether
 2 located On-site or Off-site, having dedicated technical and /or operations staffing, that
 3 directly monitors and/or controls Joint Operations on a real-time basis.

4
 5 **"Shore Base Facilities"** means onshore support facilities that during
 6 development, maintenance and producing operations provide such services to the Joint
 7 Property as receiving and transshipment point for supplies, materials and equipment;
 8 debarkation point for production personnel and services,; communication, scheduling and
 9 dispatching center; other associated functions benefiting the Joint Property.

10
 11 **"Technical Employees"** means those employees having special and specific
 12 engineering, geological or other professional skills, and whose primary function in Joint
 13 Operations is the handling of specific operating conditions and problems for the benefit
 14 of the Joint Property. Technical Employees include employees of the Parties, Affiliates
 15 and third parties providing services in support of Joint Operations.

16 17 **2. Statements and Billings**

- 18
 19 A. The Host Operator and Owner shall bill the appropriate Non-Operators on
 20 or before the last day of the month for their proportionate share of the
 21 Joint Account for the preceding month. Such bills shall be accompanied
 22 by statements which identify the authority for expenditure, lease or
 23 facility, and all charges and credits summarized by appropriate categories
 24 of investment and expense. Controllable Material may be summarized by
 25 major Material classification. Audit exceptions shall be separately and
 26 clearly identified.

27 28 **3. Advances and Payments by Non-Operators**

- 29
 30 A. If gross expenditures for the Joint Account (except for expenditures for
 31 Facility Access Modifications) are expected to exceed \$500,000.00 in the
 32 next succeeding month's operations, the Operator may require the Non-
 33 Operators to advance their share of the estimated cash outlay for the
 34 month's operations. Non-Operators are required to advance their
 35 proportionate share of the estimated costs of any Facility Access
 36 Modifications per Article 3.3.2 of the Agreement.

37
 38 Unless otherwise provided in the Agreement, any billing for such advance
 39 shall be payable within fifteen (15) days after receipt of the advance
 40 request or by the first day of the month for which the advance is required,
 41 whichever is later. The Host Operator shall adjust each monthly billing to
 42 reflect advances received from the Non-Operators for such month.

- 43
 44 B. Each Non-Operator shall pay its proportionate share of all bills within
 45 fifteen (15) days of receipt date. If the payment due date for such bill falls

on a weekend or on a statutory holiday, the payment will be due on the preceding business day. If payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Wall Street Journal on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser. In addition, the delinquent party shall bear attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts. If the Wall Street Journal ceases to be published or discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Federal Reserve plus three percent (3%), per annum. Interest shall begin accruing on the first day of the month in which the payment was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed.

4. Adjustments

- A. Payment of any such bills shall not prejudice the right of any Party to protest or question the correctness thereof, provided, however, all bills and statements (including payout status statements) related to expenditures rendered during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said period a Party takes specific detailed written exception thereto and makes claim for adjustment.
- B. All adjustments initiated by the Parties except those described in (1) through (5) below are limited to the twenty-four (24) month period following the end of the calendar year in which the original charge appeared or should have appeared on the Joint Account statement or payout status statement. Adjustments made beyond the twenty-four month period are limited to the following
- (1) a physical inventory of Controllable Material as provided for in Section V.
 - (2) an offsetting entry (whether in whole or in part) which is the direct result of a specific joint interest audit exception granted by the Party relating to another property.
 - (3) a government/regulatory audit.
 - (4) changes in working interest ownership
 - (5) volume or value reallocation pursuant to the terms or procedures of the Agreement which may impact the volume or value used to calculate billings and/or payments for the Joint Account.

1 **5. Expenditure Audits**

2
3 A. A Non-Operator, upon notice in writing to Host Operator, Owner, and
4 other Non-Operators, shall have the right to audit the Owner's and/or the
5 Host Operator's accounts and records relating to the Joint Account for any
6 calendar year within the twenty-four (24) month period following the end
7 of such calendar year, provided, however, conducting an audit shall not
8 extend the time for the taking of written exception to and the adjustment
9 of accounts as provided for in Paragraph 4 of this Section I. Where there
10 are two or more Non-Operators, the Non-Operators shall make every
11 reasonable effort to conduct a joint audit in a manner which will result in a
12 minimum of inconvenience to the Owner and/or Host Operator. The
13 Owner and Host Operator shall bear no portion of the Non-Operator's
14 audit costs incurred under this paragraph unless agreed to by the Owner
15 and/or Host Operator. The audits shall not be conducted more than once
16 each year without prior approval of the Owner and/or Host Operator,
17 whichever is applicable, except upon the resignation or removal of the
18 Host Operator, and shall be made at the expense of those Non-Operators
19 approving such audit. The lead audit company's audit report shall be
20 issued within one hundred and eighty (180) days after completion of the
21 audit field work provided, however, the one hundred and eighty (180) day
22 time period shall not extend the twenty-four (24) month requirement for
23 taking specific detailed written exception as required by Paragraph 4.A.
24 above. All claims shall be supported with sufficient documentation.
25 Failure to issue the report within the prescribed time or to take specific
26 written exception within the twenty-four (24) month period will preclude
27 the Non-Operator from taking exception to any charge billed within the
28 time period audited.

29
30 B. A timely filed audit report or any timely submitted response thereto shall
31 suspend the running of any applicable statute of limitations regarding
32 claims made in the audit report. While any audit claim is being resolved,
33 the applicable statute of limitations will be suspended. Failure, however,
34 to comply with the deadlines provided herein shall cause the statute to
35 commence running again.

36
37 The Owner and/or Host Operator, whichever is applicable, shall allow or
38 deny all exceptions in writing to an audit report within one hundred and
39 eighty (180) days after receipt of such report. Denied exceptions should
40 be accompanied by a substantive response.

41
42 C. The lead audit company shall reply to the Owner's and/or Host Operator's
43 response to an audit report within ninety (90) days of receipt, and the
44 Owner and/or Host Operator shall reply to the lead audit company's
45 follow-up response within ninety (90) days of receipt.

1
2 D. The lead audit company or Owner and/or Host Operator may call an audit
3 resolution conference for the purpose of resolving audit issues/exceptions
4 that are outstanding at least eighteen (18) months after the date of the audit
5 report. The meeting will require one month's written notice to the Owner
6 and/or Host Operator and all audit participants, be held at the Owner's
7 and/or Host Operator's office or other mutually agreed upon location, and
8 require the attendance of representatives of the Owner and/or Host
9 Operator and each audit participant responsible for the area(s) in which the
10 exceptions are based and who have authority to resolve issues on behalf of
11 their company. The lead audit company will coordinate the
12 response/position of the Non-Operators and continue to maintain its
13 traditional role throughout the audit resolution process.

14
15 Attendees will make good faith efforts to resolve outstanding issues, and
16 each Party will be required to present substantive information supporting
17 its position. An audit resolution conference may be held as often as
18 agreed to by the Parties. Issues unresolved at one conference can be
19 discussed at subsequent conferences until each such issue is resolved.

20
21 E. Non-Operator charges shall be subject to the above audit requirements.

22
23 F. The preceding provisions shall not preclude the Parties from conducting
24 revenue audits.

25
26 **6. Approval by Parties**

27
28 Where an approval or other agreement of the Parties is expressly required under
29 other sections of this Accounting Procedure and if the Agreement to which this
30 Accounting Procedure is attached contains no contrary provisions in regard
31 thereto, Host Operator shall notify all Parties of the proposal, and the agreement
32 or approval of a majority in interest of the Parties shall be controlling.

33
34
35 **II. DIRECT CHARGES**

36
37 The Host Operator shall directly charge the Joint Account with the following
38 items in accordance with the Agreement:

39
40 **1. Rentals and Royalties**

41
42 Lease rentals, royalties, rights of use and easements paid by the Operator, on behalf
43 of Joint Operations.
44

1 **2. Labor**

2
3 A. Salaries and wages, including incentive compensation programs as set
4 forth in COPAS MFI-37 (Chargeability of Incentive Compensation
5 Programs), for:

6
7 (1) Operator's field employees directly employed in the conduct of
8 Joint Operations.

9
10 (2) Operator's employees directly employed on Shore Base Facilities,
11 Offshore Facilities, Remote Technology Centers, warehouses or
12 other facilities serving the Joint Property if such costs are not
13 included in rates charged under Section II.6 (Equipment and
14 Facilities Furnished by Operator).

15
16 (3) Operator's employees providing First Level Supervision.

17
18 (4) Salaries and wages of Technical Employees providing On-site and
19 Off-site technical services for Joint Operations.

20
21 B. Cost of holiday, vacation, sickness and disability benefits and other
22 customary allowances paid to employees whose salaries and wages are
23 chargeable to the Joint Account under Paragraph 2 of this Section II,
24 excluding severance payments or other termination allowances. Such
25 costs under this Paragraph 2.B. may be charged on a "when and as paid
26 basis" or by "percentage assessment" on the amount of salaries and wages
27 chargeable to the Joint Account under Paragraph 2. of this Section II. If
28 percentage assessment is used, the rate shall be based on the Host
29 Operator's cost experience.

30
31 C. Expenditures or contributions made pursuant to assessments imposed by
32 governmental authority that are applicable to costs chargeable to the Joint
33 Account under Section II.2.

34
35 D. Personal Expenses of personnel whose salaries and wages are chargeable
36 to the Joint Account under Paragraph 2 of this Section 2.

37
38 E. Relocation costs incurred in transferring to the Joint Property personnel
39 whose salaries and wages are chargeable to the Joint Account under
40 Section II.2. Relocation costs may only be charged for a domestic
41 employee transferred within the United States and assigned to the Joint
42 Property full-time for a minimum of twelve (12) months.

43
44 F. Training costs as specified in COPAS MFI-35 (Charging of Training
45 Costs to the Joint Account) for personnel whose salaries and wages are

chargeable under Section II.2. This training charge shall include the wages, salaries, training course cost, and Personal Expenses incurred during the training. The training cost shall be charged or allocated to the property or properties directly benefiting from the training. The cost of the training course shall not exceed prevailing commercial rates, where such rates are available.

G. Current cost of established plans for employee benefits, as described in COPAS MFI-27 (Employee Benefits Chargeable to Joint Operations and Subject to Percentage Limitation), applicable to the Host Operator's or Owner's labor costs chargeable to the Joint Account under Sections II.2. based on the Host Operator's or Owner's actual cost not to exceed the employee benefits limitation percentage most recently recommended by COPAS.

H. Award payments to employees, whose salaries and wages are chargeable under Section II.2 to the extent such awards pertain to services provided for activities or operations conducted under the Agreement.

3. Material

Material purchased or furnished by the Host Operator for Joint Operations as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use or is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

4. Transportation

Transportation of the Host Operator or Owner employees, Affiliates, or contractor personnel necessary for Joint Operations. Transportation of Material between the Joint Property and another property, or from the Host Operator/Owner's warehouse or other storage point to the Joint Property, shall be charged to the receiving property, and transportation of Material from the Joint Property to Host Operator / Owner's warehouse or other storage point shall be paid for by the Joint Property using the methods in Section IV.1 for freight associated with Direct Purchases and Section IV.2.B for freight associated with transfers.

5. Services

The cost of goods, services, equipment and utilities provided by third parties except for goods and services covered by Section III (Overhead), or Section II.7 (Affiliates), or Section II.9 (Legal Expense). Awards paid to contractors shall be chargeable to the extent such awards pertain to services provided for activities or operations conducted under this Agreement.

1
2 **6. Equipment and Facilities Furnished by Host Operator**
3

4 In the absence of a separately negotiated agreement, equipment and facilities
5 furnished by the Host Operator or Owner will be charged as follows and / or as
6 indicated in Appendix B to this Exhibit C:
7

8 A. Operator shall charge the Joint Account for use of Host Operator-owned
9 equipment and facilities, including but not limited to Shore Base Facilities,
10 Offshore Facilities, Remote Technology Centers, warehouses used to store
11 Joint Property, or other facilities at rates commensurate with the costs of
12 ownership and operation. Equipment and facilities owned by the Host
13 Operator, will be charged to the Joint Account at the Host Operator's actual
14 cost. Such costs may include all expenses which would be chargeable
15 pursuant to this Section II if such equipment were jointly owned,
16 depreciation using straight line depreciation method, interest on investment
17 (less gross accumulated depreciation) not to exceed twelve percent (12%)
18 per annum. In addition, for platforms, subsea production systems, and
19 production facilities the rate may include an element of the estimated cost of
20 abandonment, reclamation and dismantlement. Charges for depreciation
21 will no longer be allowable once the equipment has been fully depreciated.
22 Actual cost shall not exceed the average prevailing commercial rate.
23

24 B. In lieu of charges in Paragraph 6.A. above, equipment and facilities,
25 including Shore Base and Offshore Facilities, owned by the Host Operator
26 may be charged to the Joint Account at the average prevailing commercial
27 rate for such equipment or facility. If an average commercial rate is used
28 to bill the Joint Account, the Host Operator shall adequately document and
29 support such rate and periodically review and update the rate.
30

31 C. When applicable for Host Operator owned or leased motor vehicles, the
32 Host Operator shall use rates published by the Petroleum Motor Transport
33 Association or such other organization recognized by COPAS as the
34 official source of such rates. When such rates are not available, the Host
35 Operator shall comply with the provisions of Paragraph 6.A. or 6.B.
36 above.
37

38 **7. Affiliates**
39

40 Affiliate Materials, facilities, and services provided for the Joint Operations shall
41 be chargeable to the Joint Account as herein provided.
42

43 A. An Affiliate of the Host Operator providing services for Joint Operations
44 regardless of work location, shall be chargeable to the Joint Account at the

1 rate and/or amount that the Affiliate customarily charges the Host
2 Operator for its services.
3

4 B. The Parties agree that Affiliate records relating to Materials, facilities or
5 services provided by an Affiliate are not subject to and will not be made
6 available for audit. However, if Affiliate charges are based on rates, the
7 audit of the Affiliate charges shall be limited to verification that the units
8 or basis to which the rates were applied are correct. Upon request by any
9 Party, the Host Operator or Owner shall furnish a certificate of its
10 independent accounting firm confirming that rates or amounts charged by
11 an Affiliate reflect actual cost and do not include any element of profit.
12

13 **8. Damages and Losses To Joint Property**

14
15 Costs or expenses necessary to repair, replace or abandon the Joint Property
16 resulting from damages or losses incurred, except to the extent such costs result
17 from a Party's gross negligence or willful misconduct.
18

19 **9. Legal Expense**

20
21 The Host Operator may not charge for services of the Host Operator's legal staff
22 or fees and expenses of outside attorneys unless approved by the Parties, except
23 that title examinations and curative work shall be chargeable, unless otherwise
24 provided for in the Agreement. Other types of legal expense, other than attorney
25 fees, such as recording fees and handling, settling, or otherwise discharging
26 litigation, claims, and liens necessary to protect or recover the Joint Property shall
27 be chargeable
28

29 **10. Taxes and Permits**

30
31 All taxes and permits of every kind and nature, assessed or levied upon or in
32 connection with the Joint Property, or the production therefrom, and which have
33 been paid by the Host Operator for the benefit of the Parties, including penalties
34 and interest, except to the extent the penalties and interest result from the
35 Operator's gross negligence or willful misconduct
36

37 If ad valorem taxes paid by the Host Operator are based in whole or in part upon
38 separate valuations of each Party's working interest, then notwithstanding any
39 contrary provisions, the charges to Parties will be made in accordance with the tax
40 value generated by each Party's working interest.
41

42 **11. Insurance**

43
44 Net premiums paid for insurance required to be carried for Joint Operations for the
45 protection of the Parties. If Joint Operations are conducted at locations where the

Host Operator acts as self-insurer in regard to its worker's compensation and employer's liability insurance obligation, the Host Operator shall charge the Joint Account manual rates for the risk assumed in its self-insurance program as regulated by the jurisdiction governing the Joint Property. In the case of offshore operations in federal waters, the manual rates of the adjacent state shall be used for personnel performing work On-site, and such rates shall be adjusted for offshore operations by the U.S. Longshoreman and Harbor Workers (USL&H) or Jones Act surcharge, as appropriate.

12. Communications

Costs of acquiring, leasing, installing, operating, repairing, maintaining dismantling or abandoning communication facilities or systems including radio, microwave, satellite and fiber optics cable systems / facilities between the Joint Property and the Host Operator's offices. In the event communication facilities systems serving the Joint Property are Host Operator-owned, charges to the Joint Account shall be made as provided in Paragraph 6 of this Section II.

13. Computer Systems

Costs of purchasing, leasing, installing, operating, repairing, maintaining, dismantling or abandoning computer systems including hardware, software, system support and personnel in direct support of Joint Operations. If the computer systems serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (Equipment and Facilities Furnished by Operator)

14. Ecological, Environmental and Safety

A. Costs incurred for technical services, engineering and drafting to comply with ecological, environmental and safety Laws or standards recommended by Occupational Safety Hazards Act (OSHA) or other regulatory authorities.

Ecological and Environmental costs incurred for the benefit of the Joint Property resulting from laws, rules, regulations, or orders for archaeological and geophysical surveys relative to identification and protection of cultural resources and/or other environmental or ecological surveys as may be required by the Minerals Management Service or other regulatory authority.

Also, costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable laws and regulations are chargeable.

Ecological and environmental costs incurred by the Host Operator as deemed by the Host Operator to be appropriate for prudent operations are also chargeable to the extent such costs directly benefit Joint Operations.

B. Safety costs incurred for the benefit of the Joint Property to conduct and/or implement safe operational practices/guidelines as a result of laws, rules, regulations, or orders or as recommended for voluntary compliance. Examples are the requirements mandated by the Occupational Safety and Hazards Act (OSHA), Safety and Environmental Management Program (SEMP), Process Safety Management (PSM), and/or requirements which may be mandated/recommended by similar programs or by other current or successor regulatory agencies. Safety costs incurred by the Operator as deemed by the Operator to be appropriate for prudent operations are also chargeable to the extent such costs directly benefit Joint Operations.

C. Environmental, ecological, and safety training costs for personnel whose time would otherwise be chargeable under Paragraph 14.A or B above, regardless of whether training is mandated by statute or regulatory agency, is chargeable to the Joint Account.

D. Safety and other team accomplishment awards for personnel chargeable to the Joint Account shall be chargeable to the Joint Account.

In the event of a conflict between the provisions of this Section II, Paragraph 14 and Section III, Paragraphs i. and ii., Section II, Paragraph 14 shall prevail.

15. Abandonment and Reclamation

Costs incurred for abandonment and reclamation of the Joint Property, including costs required by governmental, regulatory, or judicial authority.

16. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which is of direct benefit to the Joint Property and is incurred by the Host Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

As compensation for administrative, supervision, office services and warehousing costs, the Host Operator shall charge the Joint Account in accordance with this Section III.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in this Section III unless directly chargeable under Section II or such costs are agreed to by the Parties as a direct charge to the Joint Account.

i. Except as otherwise provided in Paragraph 1 of this Section III, the salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

() shall be covered by the overhead rates.

(X) shall not be covered by the overhead rates.

ii. Except as otherwise provided in Paragraph 1 of this Section III, the salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

() shall be covered by the overhead rates.

(X) shall not be covered by the overhead rates.

1. Overhead – Operating, Major Construction and Catastrophe

As compensation for overhead in connection with Operating, Major Construction and Catastrophe operations, the Host Operator shall charge on a:

(X) Percentage Basis as follows:

2. Overhead - Operating

An Operating Rate of thirteen percent (13%) of the cost of operating the Joint Property. The cost of operating the Joint Property includes, but is not limited to, the costs described in these sections of Article V.5.1.3 (b) ii of the Agreement: (a) Satellite Leases Direct Expense, (b) LSPS Direct Expense, (c) Facility Access Modifications Dedicated System, (d) Host Dedicated Facility and (e) Host Common Facilities and 5.4.2 - Future Governmental Regulations and as described in Article IV Section 4.7.2 - Emergency Response.

The Operating Rate shall be applied to all costs in connection with Joint Operations, except those costs of Major Construction and Catastrophes.

The cost of Infrastructure Access and/or Handling Fees, Compensation for Deferred Host Leases Oil Production and for Deferred Host Leases Gas Production, Minimum Monthly Fees, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property shall be excluded from the calculation of overhead.

3. Overhead - Major Construction

To compensate the Host Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantling for abandonment of platforms and related production facilities, the Host Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for overhead in accordance with the following for any Major Construction project. Major Construction projects include, but are not limited to, work described in these sections of Article III - Infrastructure and Facilities of the Agreement: 3.1 - Satellite Well System, 3.2 - Loop Subsea Production System, 3.3 - Facility Access Modifications, 4.4 - Use of Platform/Riser Space.

Since the Host Operator will charge engineering, design and drafting costs related to the project directly to the Joint Account:

4 % of total costs

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately.

In the event of any conflict between the provisions of this Section III and any of the provisions under Section II, the provisions of Section II shall govern.

4. Overhead - Catastrophe

To compensate Host Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the expenditures, Host Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account for overhead based on the following:

Catastrophe Overhead will be charged at the same applicable rates and terms as Section III Paragraphs 2 and 3 (Operating and Major Construction).

Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead provisions of this Section III shall apply.

5. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto, if in practice, the rates are found to be insufficient or excessive.

IV. MATERIAL PURCHASES, TRANSFERS AND DISPOSITION

The Host Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for direct purchases, transfers, and dispositions. The Host Operator normally provides all Material for use on the Joint Property but does not warrant the Material furnished. At the Host Operator's option, Material may be supplied by Non-Operators.

1. Direct Purchases

Direct purchases shall be charged to the Joint Account at the price paid by the Host Operator after deduction of all discounts received. A direct purchase is determined to occur when an agreement is made between the Host Operator and a third party for the acquisition of Materials for a specific well site or location. Material provided by the Host Operator under "vendor stocking programs," where the initial use is for a Joint Property and title of the Material does not pass from the vendor until usage, is considered a direct purchase. If Material is found to be defective or is returned to the vendor for any other reason, credit shall be passed to the Joint Account when adjustments have been received by the Host Operator from the manufacturer, distributor, or agent.

2. Transfers

A transfer is determined to occur when the Host Operator furnishes Material from its storage facility or from another operated property. Additionally, the Host Operator has assumed liability for the storage costs and changes in value and has previously secured and held title to the transferred Material. Similarly, the removal of Material from a Joint Property to the Host Operator's facility or to another operated property is also considered a transfer. Material that is moved from the Joint Property to a temporary storage location pending disposition may remain charged to the Joint Account and is not considered a transfer.

1 A. Pricing

2
3 The value of Material transferred to/from the Joint Property should
4 generally reflect the market value on the date of transfer. Transfers of new
5 Material will be priced using one of the following new Material bases:

- 6
7 (1) Published prices in effect on date of movement as adjusted by the
8 appropriate COPAS Historical Price Multiplier (HPM) or prices
9 provided by the COPAS Computerized Equipment Pricing System
10 (CEPS). The HPMs and the associated date of published price to
11 which they should be applied will be published by COPAS
12 periodically.
13
14 (a) For oil country tubulars and line pipe, the published price
15 shall be based upon eastern mill (Houston for special end)
16 carload base prices effective as of date of movement, plus
17 transportation cost as defined in Section IV, Paragraph 2.B.
18
19 (b) For other Material, the published price shall be the
20 published list price in effect at date of movement, as listed
21 by a supply store nearest the Joint Property (where material
22 is normally available) capable of supplying the material, or
23 point of manufacture, plus transportation costs as defined in
24 Section IV, Paragraph 2.B.
25
26 (2) A price quotation that reflects a current realistic acquisition cost
27 may be obtained from a supplier/manufacturer.
28
29 (3) Historical purchase price may be used, providing it reflects a
30 current realistic acquisition cost on date of movement. Sufficient
31 price documents should be available to Non-operators for purposes
32 of verifying Material transfer valuation.
33
34 (4) As agreed to by the Parties.
35
36 (5) When higher than specification grade or size tubulars from Host
37 Operator's inventory are used on the Joint Property, Host Operator
38 shall charge the Joint Account at the equivalent price for well
39 design specification tubulars.
40

41 B. Freight

42
43 Transportation costs should be added to the Material transfer price based
44 on one of the following:
45

- (1) Transportation costs for oil country tubulars and line pipe shall be calculated using the distance from eastern mill to the railway receiving point nearest the Joint Property based on the carload weight basis as recommended by COPAS in Bulletin 21 and current interpretations.
- (2) Transportation costs for special mill items shall be calculated from that mill's shipping point to the railway receiving point nearest the Joint Property. For transportation costs from other than eastern mills, the 30,000-pound Specialized Motor Carriers interstate truck rate shall be used. Transportation costs for macaroni tubing shall be calculated based on the Specialized Motor Carriers rate per weight of tubing transferred to the railway receiving point nearest the Joint Property.
- (3) Transportation costs for special end tubular goods shall be calculated using the 30,000-pound Specialized Motor Carriers interstate truck rate from Houston, Texas, to the railway receiving point nearest the Joint Property.
- (4) Transportation costs for Material other than that described in Section IV, Paragraphs 2.B(1) through (3), if applicable, shall be calculated from the supply store or point of manufacture, whichever is appropriate, to the railway receiving point nearest the Joint Property.

C. Condition

- (1) Condition "A" - New and unused Material in sound and serviceable condition shall be charged at one hundred percent of the price as determined in Section IV, Paragraphs 2.A and B. Material transferred from the Joint Property that was not placed in service on the Joint Property shall be credited as charged without gain or loss. Any unused Material that was charged to the Joint Account through a direct purchase will be credited to the Joint Account at the original cost paid less restocking charge. All refurbishing costs required or necessary to return the material to original condition, or to correct handling or transportation damages and other related costs will be born by the divesting property. The Joint Account is responsible for Material preparation, handling and transportation costs for new and unused Material charged to the property either through a direct purchase or transfer. Any preparation costs performed, including any internal or external coating and wrapping, will be credited on new Material provided these costs were not repeated for the receiving property.

- 1
2 (2) Condition "B" - Used Material in sound and serviceable condition
3 and suitable for reuse without reconditioning shall be priced at the
4 condition percentage most recently recommended by COPAS
5 times the price determined by the pricing guidelines in Section IV,
6 Paragraphs 2.A and B. All refurbishing costs required or necessary
7 to return the material to Condition B, or to correct handling or
8 transportation damages and other related costs will be born by the
9 divesting property.

10
11 If the Material was originally charged to the joint Account as used
12 Material and placed in service on the Joint Property, the Material
13 will be credited at the condition percentage most recently
14 recommended by COPAS times the price as determined in Section
15 IV, Paragraphs 2.A and B.

16
17 Used Material transferred from the Joint Property that was not
18 placed in service on the property shall be credited as charged
19 without gain or loss.

- 20
21 (3) Condition "C" - Material that is not in sound and serviceable
22 condition and not suitable for its original function until after
23 reconditioning shall be priced at the condition percentage most
24 recently recommended by COPAS times the price determined in
25 Section IV, Paragraphs 2.A and B. The cost of reconditioning
26 shall be charged to the receiving property provided Condition C
27 value, plus cost of recondition, does not exceed Condition B value.

- 28
29 (4) Condition "D" - Other Material that is no longer suitable for its
30 original purpose but usable for some other purpose is considered
31 Condition D Material. Included under Condition "D" are also
32 obsolete items or Material that does not meet original
33 specifications but still has value and can be used in other services
34 as a substitute for items with different specifications. Due to the
35 condition or value of other used and obsolete items, it is not
36 possible to price these items under Section IV, Paragraph 2.A. The
37 price used should result in the Joint Account being charged or
38 credited with the value of the service rendered or use of the
39 Material. In some instances, it may be necessary or desirable to
40 have the Material specially priced as agreed to by the Parties.

- 41
42 (5) Condition "E" - Junk shall be priced at prevailing scrap value
43 prices.
44

1 D. Other Pricing Provisions

2
3 (1) Preparations Costs

4
5 Costs incurred by the Host Operator in making Material
6 serviceable including inspection, third party surveillance services,
7 and other similar services will be charged to the Joint Account at
8 prices reflective of the Host Operator's actual costs of the services.
9 Documentation must be retained to support the cost of service.
10 New coating and/or wrapping may be charged per Section IV,
11 Paragraph 2.A.

12
13 (2) Loading and Unloading Costs

14
15 Loading and unloading costs related to the movement of the
16 Material to the Joint Property shall be charged in accordance with
17 the methods specified in COPAS Bulletin 21.
18

19 3. Disposition of Surplus

20
21 Surplus Material is that Material, whether new or used, that is no longer required
22 for Joint Operations. The Host Operator may purchase, but shall be under no
23 obligation to purchase, the interest of Non-operator in surplus Material.
24

25 Dispositions for the purpose of this procedure are considered to be the
26 relinquishment of title of the Material from the Joint Property to either a third
27 party, a Non-Operator, or to the Host Operator. To avoid the accumulation of
28 surplus materials, the Host Operator should make good faith efforts to dispose of
29 surplus within 12 months through buy/sale agreements, trade, sale to a third party,
30 division in-kind, or other dispositions as agreed to by the Parties.
31

32 The Host Operator may, through a sale to an unrelated third party or entity,
33 dispose of surplus Material having a gross sale value that is less than or equal to
34 the Host Operator's expenditure limit as set forth in the Operating Agreement to
35 which this Accounting Procedure is attached without the prior approval of the
36 Non-Operator. If the gross sale value exceeds the Operating Agreement
37 expenditure limit, the disposal must be agreed to by the Parties.
38

39 The Host Operator may dispose of Condition D and E Material under procedures
40 normally utilized by the Host Operator without prior approval.
41

1 **4. Special Pricing Provisions**

2
3 A. Premium Pricing

4
5 Whenever Material is not readily replaceable due to national emergencies,
6 strikes, or other unusual causes over which the Host

7
8 Operator has no control, the Host Operator may charge the Joint Account
9 for the required Material at the Host Operator's actual cost incurred in
10 providing such Material, in making it suitable for use, and in moving it to
11 the Joint Property provided notice in writing is furnished to Non-Operators
12 of the proposed charge prior to use and to billing Non-Operators for such
13 Material. During premium pricing periods, each Non-Operator shall have
14 the right to furnish in-kind all or part of his share of such Material suitable
15 for use and acceptable to the Host Operator by so electing and notifying
16 the Host Operator within ten (10) days after receiving notice from the
17 Host Operator.

18
19 B. Shop-Made Items

20
21 Shop-made items may be priced using the value of the Material used to
22 construct the item plus labor costs. If the Material is from a scrap or junk
23 account, the Material may be priced at either twenty-five percent of the
24 current price as determined in Section IV, Paragraph 2A, or scrap value,
25 whichever is higher, plus costs to fabricate the item.

26
27 C. Mill Rejects

28
29 Mill rejects purchased as "limited service" casing or tubing shall be priced
30 at eighty percent of K-55/J-55 price as determined in Section IV,
31 Paragraphs 2.A and B. Line pipe converted to casing or tubing with
32 casing or tubing couplings attached shall be priced as K-55/J-55 casing or
33 tubing at the nearest size and weight.

34
35
36 **V. INVENTORIES OF CONTROLLABLE MATERIAL**

37
38 The Host Operator shall maintain records of Controllable Material charged to the
39 Joint Account, as defined in the COPAS Material Classification Manual, with sufficient
40 detail to perform the physical inventories requested unless directed otherwise by the Non-
41 Operators.

42
43 Adjustments to the Joint Account by the Host Operator resulting from a physical
44 inventory of jointly owned Controllable Material are limited to the six months following
45 the taking of the inventory. Charges and credits for overages or shortages will be valued

for the Joint Account based on condition B prices in effect on the date of physical inventory and determined in accordance with Section IV, Paragraphs 2.A and B unless the inventorying Parties can prove another Material condition applies.

1. Directed Inventories

With an interval of not less than five years, physical inventories shall be performed by the Host Operator upon written request of a majority in working interests of the Non-Operators.

Expenses of directed inventories will be borne by the Joint Account and may include the following:

- A. Audit per diem rate for each inventory person in line with the auditor rates determined, adjusted, and published each April by COPAS. The per diem should also be applied to a reasonable number of days for pre-inventory work and for report preparation. The amount of time required for this additional work may vary from inventory to inventory.
- B. Actual travel including Host Operator-provided transportation and personal expenses for the inventory team.
- C. Reasonable charges for report typing and processing.

The Host Operator is expected to exercise judgment in keeping expenses within reasonable limits. Unless otherwise agreed, costs in connection with any post-report follow-up work in settling the inventory will be absorbed by the Non-Operator incurring such costs. Any anticipated disproportionate costs should be discussed and agreed upon prior to commencement of the inventory.

When directed inventories are performed, all Parties shall be governed by such inventory.

2. Non-Directed Inventories

A. Host Operator Inventories

Periodic physical inventories that are not requested by the Non-Operator may be performed by the Host Operator at the Host Operator's discretion. The expenses of conducting such Host Operator inventories shall not be charged to the Joint Account.

1 B. Non-Operator Inventories

2
3 Any Non-Operator(s) may conduct an inventory at reasonable times, at
4 their sole cost and risk with prior notification to the Host Operator of at
5 least thirty (30) days.
6

7 C. Other Inventories

8
9 Other inventories may be taken whenever there is any sale or change of
10 interest. When possible, the selling Party should notify all other owners
11 30 days prior to the anticipated closing date. When there is a change in
12 Host Operator of the Joint Property, an inventory by the former and new
13 Host Operator should be taken.
14

15 The expenses of conducting such other inventories shall be charged to the
16 Joint Account.
17

18
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APPENDIX B

Attached to and Made a Part of Exhibit C – Accounting Procedure

EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR

- A. Host Operator may charge the Joint Account an allocated portion of the cost of the Preservation and Maintenance Facility (PMF) or successor. The PMF will be used to secure, preserve and maintain Gulf of Mexico materials for drilling and completions, wells, operations and subsea projects. The PMF costs will be charged pursuant to the provisions of Section II, Paragraph 6 of this Accounting Procedure.
- B. Host Operator may charge the Joint Account an allocated portion of the cost of the Houma Learning Center (HLC) or successor. The HLC is used to provide training to the Host Operator's personnel. The HLC costs will be charged pursuant to the provisions of Section II, Paragraph 6 of this Accounting Procedure.
- C. Host Operator may charge the Joint Account an allocated portion of the cost of the Advanced Collaborative Environments Facility (ACE) or successor. This Remote Technology Center is located offsite of the Joint Property with technology for communicating with field operations and optimizing well performance and reducing field operating expenses on a real time/on-line basis. The ACE costs to be charged shall include all costs (regardless of location) incurred by the Host Operator to operate the ACE and will be charged pursuant to the provisions of Section II.6 of this Accounting Procedure. Such charges shall include, but are not limited, to the following: facilities, communications, computers, software, system support, and ACE personnel provided by the Operator, contract services or Affiliates.

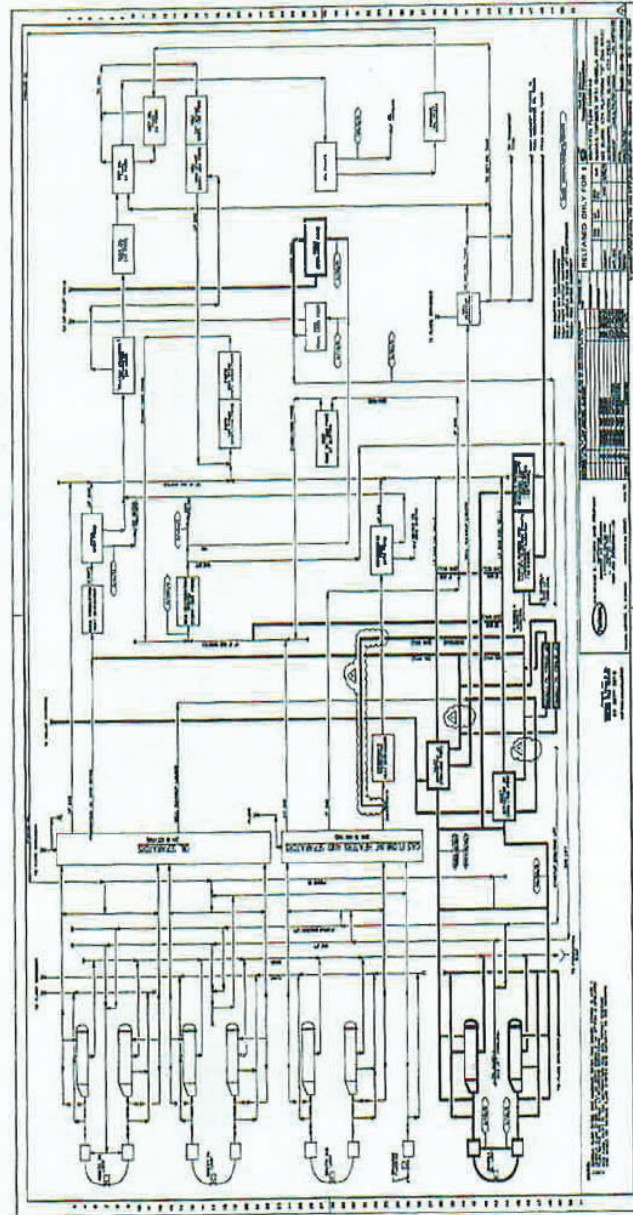
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Execution Version

EXHIBIT "D"

Attached to and made part of that certain Deepwater Production Handling and Operating Services Agreement dated effective September 21, 2010, by and between OWNER, LPS OWNERS and PRODUCERS

HOST FACILITIES SCHEMATIC



Execution Version

EXHIBIT "E"

Attached to and made part of that certain Deepwater Production Handling and Operating Services Agreement dated effective September 21, 2010, by and between OWNER, LSPS OWNERS and PRODUCERS

HOST SERVICES

The Owner shall provide the LSPS Owners and Producers with certain Services under the terms of this Agreement. Said Services shall (i) be implemented in a manner consistent with the general direction provided by the Host Operator, and (ii) follow procedures mutually agreed upon by the LSPS Operator, Satellite Operators, and Host Operator which shall be furnished in written form if requested by the Host Operator. The cost of said Services shall be handled in accordance with Article V of this Agreement. Said Services shall include the following:

1. Production handling services between the Entry Point and the Delivery Point shall include:
 - (a) Operation, inspection, maintenance, and repair of the Host, including utilities necessary for the safe, reliable operation of the Host
 - (b) LSPS Production receiving
 - (c) Oil inlet heat exchanger
 - (d) Separation
 - (e) Gas dehydration
 - (f) Flash gas compression
 - (g) Boost gas compression
 - (h) Vapor recovery compression
 - (i) Oil treating
 - (j) Hot oiling and/or pigging
 - (k) Condensate re-injection
 - (l) Metering, allocation and shipping
 - (m) Solids and produced water treating and disposal
 - (n) Utilities (electrical power, instrument air, access to fuel gas system) on the Host from Owner's existing sources
 - (o) Pressure relief via the Host flare system
 - (p) Bunks (e.g., supplies, materials, chemicals, parts, equipment) handling on the Host
 - (q) Bunks (e.g., supplies, materials, chemicals, parts, equipment) transportation and personnel transportation from shore to the Host on a space available basis
 - (r) Storage space on the Host for consumables and spare parts on a space available basis
2. Operation of the Satellite Well Systems and LSPS as can be performed from the Host, including, but not limited to:

- 1
- 2 (a) Operation of well controls, valves, chokes and safety devices
- 3 (b) Operation of all platform controls and equipment
- 4 (c) Operation of all safety shutdown devices related to the Satellite Well System
- 5 and LSPS in accordance with regulations of the BOEMRE
- 6 (d) Reporting to the Satellite Operators, as soon as practicable, any significant
- 7 well, equipment, production, safety, regulatory or logistical problem
- 8 associated with the Satellite Well System(s)
- 9 (e) Reporting to the Satellite Operators with daily reports of Satellite Production
- 10 and maintaining records of all information and reports transmitted, and
- 11 (f) Providing all materials, supplies, labor and supervision required in
- 12 connection with such activities
- 13
- 14 3. Normal and routine maintenance of the Satellite Well Systems and LSPS
- 15 equipment installed on the Host, including, but not limited to,
- 16
- 17 (a) Providing consumables such as chokes, orifice plates, glycol and methanol
- 18 (b) Ordering receiving and verifying receipt of parts, tools, supplies and services
- 19 (c) Scheduling, performing and reporting of all required tests on safety systems,
- 20 and
- 21 (d) Providing all materials, supplies, labor and supervision required in
- 22 connection with such activities
- 23
- 24 4. Integrity testing of the subsea Christmas trees and system valves, including, but
- 25 not limited to, downhole safety valves.
- 26
- 27 5. Well testing, pressure build-up tests, blowdown operations, monitoring of well
- 28 parameters (including annulus pressure, downhole pressure and temperature,
- 29 wellhead pressure, metering data and temperature), and adjustment of normal well
- 30 parameters.
- 31
- 32 6. Monitoring of Satellite Well Systems and LSPS parameters, including manifold
- 33 pressure and temperature, platform arrival pressure and temperature, and other
- 34 normal parameters.
- 35
- 36 7. Operations as can be performed from the Host that are needed to assist in the
- 37 diagnosis of subsea and operational problems (e.g., monitoring of pressures,
- 38 temperatures, and flowrates).
- 39
- 40 8. Bulk handling, including the transportation (between shore and the Host) of
- 41 supplies, chemical (chemical as used throughout this Agreement includes
- 42 methanol) and equipment required for the support of the Satellite Well System
- 43 and LSPS.
- 44

- 1 9. Storage of chemicals, other consumables, and spare parts on the Host for the
2 Satellite Well System and LSPS on a space-available basis.
3
- 4 10. Initial response with the Satellite Operator(s) and LSPS Operator's personnel to
5 equipment breakdowns associated with Satellite Well System and LSPS
6 components located on the Host.
7
- 8 11. Initial response to emergency situations attributable to the Satellite Well System
9 and LSPS equipment located on the Host and to other subsea facilities, as
10 requested by the Satellite Operator(s) and/or LSPS Operator, (e.g., spills, leaks).
11 The Host Operator shall promptly notify the Satellite Operator(s) and LSPS
12 Operator of such emergency situation and consult on response measures taken and
13 planned. The Host Operator shall continue initial emergency response operations
14 until (i) the appropriate Operator's personnel are directing emergency response
15 and inform the Host Operator that the LSPS Operator or Satellite Operator will
16 assume control of the emergency response operations underway and (ii) the
17 appropriate regulatory agency(s) approve the transfer of control of the response
18 operations to the Satellite Operator or LSPS Operator. The impacted Operator
19 will coordinate emergency response with the Host Operator as necessary for all
20 emergency response activities.
21
- 22 12. At the request of the Satellite Operator and/or the LSPS Operator, the Host
23 Operator shall, at its discretion, perform subsea remote operated vehicle ("ROV")
24 inspections of the Satellite Well System and LSPS in connection with regularly
25 scheduled ROV inspections. The LSPS Operator and Satellite Operators and the
26 Host Operator shall use reasonable efforts to minimize associated
27 mobilization/demobilization costs by coordinating such inspections with the Host
28 and Host subsea production system ROV operations. ROV inspections shall be at
29 time intervals prescribed by the BOEMRE and shall include:
30
31 (a) Piping and equipment associated with the Satellite Well System and LSPS;
32 (b) The route of the Satellite Well System and LSPS.
33
- 34 13. Hot oiling/pigging operations associated with the LSPS flowlines at the discretion
35 of the LSPS Operator and coordinated with the Host Operator, pursuant to hot
36 oiling/pigging procedures mutually agreed to between the Host Operator and
37 LSPS Operator.
38
- 39 14. Gas lift operations associated with the LSPS flowlines/risers at the discretion of
40 the LSPS Operator and coordinated with the Host Operator, pursuant to gas lift
41 procedures mutually agreed to between the Host Operator and LSPS Operator.
42
- 43 15. Disposal of flowline hydrostatic test water during initial instillation of the
44 Satellite Well System and LSPS.
45

- 1 16. Chemical injection services for the Satellite Well System and LSPS, including the
2 monitoring of injection rates, injection pressures and other typical injection
3 parameters.
4
- 5 17. Utilities and electrical power for the Satellite Well System and LSPS from Host
6 existing sources.
7
- 8 18. Real-time data and documentation relative to the performance of the services
9 listed above:
10
 - 11 (a) that may be required for regulatory compliance reporting,
 - 12 (b) that is consistent with the documentation procedures utilized by the Host
13 Operator, and
 - 14 (c) as mutually agreed by the Satellite Operators, the LSPS Operator, and Host
15 Operator
16
- 17 19. If subsea isolation valves (SSIVs) are installed then at the discretion of the Host
18 Operator (for the Satellite System) and LSPS Operator (for the Satellite Well
19 System), integrity testing of the flowline SSIVs in accordance with the subsea
20 production system procedures, and monitoring and control of the flowline SSIVs
21 through the Host emergency shutdown system.
22
- 23 20. Upon mutual agreement by the Host Operator and the Satellite Operator(s) on
24 acceptable Satellite Lease Production inlet parameters, the Producers shall be
25 allowed to unload the Satellite Lease wells to the Host upon the conclusion of
26 well completion operations or workovers on the Satellite wells. Such agreement
27 by the Host Operator shall not be unreasonably withheld. After such agreement
28 is reached, said well unloading services shall be performed by the Host Operator.
29 The Satellite Operators shall be solely responsible for all actual incremental costs
30 incurred by the Host Operator in providing the services described in this Section
31 20, including, but not limited to:
32
 - 33 (a) costs associated with additional and/or third-party equipment and/or personnel
34 the Host Operator may elect to use or have on standby in connection with
35 Satellite well unloading operations, and
 - 36 (b) the repair of any damage to, or the replacement of, equipment on the Host and
37 all facilities located thereon, including but not limited to the Facility Access
38 Modifications, Host Dedicated Facility, Host Common Facilities, the Oil
39 Export Pipeline, and the Gas Export Pipeline, to the extent such damage or
40 replacement results from the Satellite Leases unloading operations.
41
- 42 Well unloading operations shall conclude when, in the sole judgment of the Host
43 Operator, Production from the well being unloaded is suitable for introduction
44 into the normal process flow for production handling on the Host.
45

1 21. The Satellite Operators shall retain responsibility for all Satellite Well System
2 operations that are not performed from or on the Host including, but not limited
3 to, downhole well operations.
4

5 **[Remainder of this page intentionally left blank]**

Execution Version

1

**FIRST AMENDMENT OF THE PRODUCTION HANDLING AND
OPERATING SERVICES AGREEMENT**

PREAMBLE

This **FIRST AMENDMENT OF THE PRODUCTION HANDLING AND OPERATING SERVICES AGREEMENT** ("**First Amendment**") effective as of December 1, 2011, ("**Effective Date**") is entered into by and between BP EXPLORATION & PRODUCTION INC. ("**BP**"), hereinafter referred to as the "**Owner**", in its capacity as a co-owner of the "**Host**" (as defined herein below), and BP; NOBLE ENERGY, INC. ("**Noble**"); RED WILLOW OFFSHORE, LLC ("**Red Willow**"); and HOUSTON ENERGY DEEPWATER VENTURES I, LLC ("**HEDV**"), hereinafter referred to collectively as "**Producers**", in their respective capacity as co-owners of each of the "**Satellite Leases**" (as defined herein below); and BP, Noble, Red Willow, and HEDV, hereinafter referred to collectively as the "**LSPS Owners**" in their capacity as co-owners of the "**Loop Subsea Production System**" or "**LSPS**" (as defined herein below). Each signatory hereto is sometimes referred to singularly as a "**Party**" or collectively as the "**Parties**".

RECITALS:

WHEREAS, BP and Noble are co-owners of the Isabela Lease; and

WHEREAS, BP, Noble, Red Willow and HEDV are co-owners of the MC-519 Unit Leases; and

WHEREAS, the LSPS Owners are co-owners of the "**Loop Subsea Production System**" or "**LSPS**"; and

WHEREAS, Noble, Red Willow, HEDV and BP, in their capacity as Producers, entered into that certain Production Handling and Operating Services Agreement ("**PHA**") dated effective September 21, 2010 with BP in its capacity as co-owner of the Host; and

WHEREAS, Noble, Red Willow, HEDV and BP, in their capacity as LSPS Owners, entered into that certain Galapagos Area Loop Subsea Production System Construction and Operating Agreement ("**LSPSOA**") dated effective December 1, 2011 with BP in its capacity as operator of the LSPS; and

WHEREAS, the Parties desire to amend the PHA pursuant to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **MC 519 Unit Leases Depth.**

(a) Section 2.2.74 "MC519 Unit Leases" shall be deleted in its entirety and replaced with the following language:

"MC 519 Unit Leases" means the oil and gas leases OCS-G 27278 covering and affecting Mississippi Canyon Block 519 and OCS-G 21176 covering and affecting Mississippi Canyon Block 563 in the Gulf of Mexico."

(b) Section 15.16 Commitment of Oil and Gas Reserves shall be deleted in its entirety and replaced with the following language:

"Subject to Article X (*Term, Default, and Termination*) of this Agreement, for the life of the Satellite Leases, the Producers commit to: (i) deliver all Satellite Production to the Host for production handling, except that the Producers reserve unto themselves, their successors and assigns, the right: (a) to use quantities of Satellite Production sufficient to satisfy Satellite Leases' development and operations including, but not limited to, additional recovery operations and the use of gas for fuel, flaring, pigging, drilling, deepening, reworking, or other such lease operations; and (b) to use quantities of Satellite Production sufficient to satisfy any royalty interest in Satellite Production that the royalty owner may elect to take in kind."

2. **LSPS Cost Charging Procedure.**

Section 5.1.4(b) Cost Charging Procedure shall be deleted in its entirety and replaced with the following language:

"(b) LSPS Direct Expense (including Routine Expenses and Non-Routine Expenses) incurred at the Host strictly for the benefit of the LSPS will be borne by the respective LSPS Owners but billed to the LSPS Operator. The LSPS Operator will not reapply an overhead charge to LSPS Direct Expense for charges passed down to LSPS Owners, once overhead has been applied from the Host Operator."

3. **Accounting Procedures.**

Exhibit C Accounting Procedures, Article I General Provisions, Section 3. Advanced Payments by Non-Operators shall be deleted in its entirety and replaced with the following language:

"A. Unless otherwise provided for in this Agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay (except for expenditures for Facility Access Modifications) for the succeeding month's operation within thirty (30) days after receipt of the billing or by the first Day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect

advances received from the Non-Operators. Non-Operators are required to advance their proportionate share of the estimated costs of any Facility Access Modifications per Section 3.3.2 of this Agreement.

- B. Each Non-Operator shall pay its proportionate share of all bills within thirty (30) days of receipt date. If the payment due date for such bill falls on a weekend or on a statutory holiday, the payment will be due on the preceding business day. If payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Wall Street Journal on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser. In addition, the delinquent party shall bear attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts. If the Wall Street Journal ceases to be published or discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Federal Reserve plus three percent (3%), per annum. Interest shall begin accruing on the first day of the month in which the payment was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed."
4. "BP Exploration & Production, Inc." shall be deleted in its entirety and replaced with "BP Exploration & Production Inc."
5. Except as set forth herein, all other terms and conditions of the PHA shall remain in full force and effect.
6. This First Amendment may not be modified or amended except by written agreement executed by the Parties hereto.
7. This First Amendment may be executed by signing the original or a counterpart thereof. If this First Amendment is executed in multiple counterparts, each counterpart will be deemed an original and all counterparts when taken together will constitute but one and the same Agreement with the same effect as if all of the Parties had signed the same instrument. This First Amendment may also be ratified by separate instrument referring to this First Amendment and adopting by reference all the provisions of this First Amendment. A ratification of this First Amendment will have the same effect as an execution of the original First Amendment.
8. Capitalized terms used in this First Amendment not defined herein, shall have the same meaning given to them in the PHA.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this First Amendment is executed by each Party through its duly authorized agent or representative on the date shown below the respective signature of each, but is effective as of the Effective Date.

OWNER

BP EXPLORATION & PRODUCTION INC. (Owner)

By: [Signature]
Name: Kemper Howe
Title: Attorney-in-Fact
Date: 1/17/12

ISABELA PRODUCERS

BP EXPLORATION & PRODUCTION INC. (Isabela Producer and Operator)

By: [Signature]
Name: Kemper Howe
Title: Attorney-in-Fact
Date: 1/17/12

NOBLE ENERGY, INC. (Isabela Producer)

By: _____
Name: _____
Title: _____ PRH
Date: _____

IN WITNESS WHEREOF, this First Amendment is executed by each Party through its duly authorized agent or representative on the date shown below the respective signature of each, but is effective as of the Effective Date.

OWNER

BP EXPLORATION & PRODUCTION INC. (Owner)

By: _____

Name: _____

Title: _____

Date: _____

ISABELA PRODUCERS

BP EXPLORATION & PRODUCTION INC. (Isabela Producer and Operator)

By: _____

Name: _____

Title: _____

Date: _____

NOBLE ENERGY, INC. (Isabela Producer)

By: John T. Lewis

Name: John T. Lewis

Title: Vice President

Date: January 20, 2012

Prk 

MC 519 UNIT PRODUCERS

NOBLE ENERGY, INC. (MC 519 Unit Producer and Operator)

By: _____

Name: _____

Title: _____

Date: _____

BP EXPLORATION & PRODUCTION INC. (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

RED WILLOW OFFSHORE, LLC (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (MC 519 Unit Producer)

By: 

Name: P. David Amend

Title: Vice President LAND

Date: 1-18-12

MC 519 UNIT PRODUCERS

NOBLE ENERGY, INC. (MC 519 Unit Producer and Operator)

By: _____

Name: _____

Title: _____

Date: _____

BP EXPLORATION & PRODUCTION INC. (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

RED WILLOW OFFSHORE, LLC (MC 519 Unit Producer)

By: *Robert J. Voorhees*

Name: Robert J. Voorhees *RV*

Title: President

Date: 1/20/12

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

MC 519 UNIT PRODUCERS

NOBLE ENERGY, INC. (MC 519 Unit Producer and Operator)

By: John T. Lewis

Name: John T. Lewis

Title: Vice President

Date: January 20, 2012

*BP
PMA
B/L*

BP EXPLORATION & PRODUCTION INC. (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

RED WILLOW OFFSHORE, LLC (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

MC 519 UNIT PRODUCERS

NOBLE ENERGY, INC. (MC 519 Unit Producer and Operator)

By: _____

Name: _____

Title: _____

Date: _____

BP EXPLORATION & PRODUCTION INC. (MC 519 Unit Producer)

By: 

Name: Kameron Hawk

Title: Attorney in Fact

Date: 1/17/12

RED WILLOW OFFSHORE, LLC (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (MC 519 Unit Producer)

By: _____

Name: _____

Title: _____

Date: _____

LSPS OWNERS

BP EXPLORATION & PRODUCTION INC. (LSPS Owner and Operator)

By: _____

Name: _____

Title: _____

Date: _____

NOBLE ENERGY, INC. (LSPS Owner)

By: _____

Name: _____

Title: _____

Date: _____

RED WILLOW OFFSHORE, LLC (LSPS Owner)

By: _____

Name: _____

Title: _____

Date: _____

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (LSPS Owner)

By: 

Name: P. David Amend

Title: Vice President L&O

Date: 1-18-12

LSPS OWNERS

BP EXPLORATION & PRODUCTION INC. (LSPS Owner and Operator)

By: _____

Name: _____

Title: _____

Date: _____

NOBLE ENERGY, INC. (LSPS Owner)

By: _____


Name: _____

Title: _____

Date: _____

RED WILLOW OFFSHORE, LLC (LSPS Owner)

By: 

Name: Robert J. Voorhees 

Title: President

Date: 1/20/12

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (LSPS Owner)

By: _____

Name: _____

Title: _____

Date: _____

LSPS OWNERS

BP EXPLORATION & PRODUCTION INC. (LSPS Owner and Operator)

By: _____

Name: _____

Title: _____

Date: _____

NOBLE ENERGY, INC. (LSPS Owner)

By: John T. Lewis

Name: John T. Lewis

Title: Vice President

Date: January 20, 2012

Handwritten initials: JTL, JTL, JTL

RED WILLOW OFFSHORE, LLC (LSPS Owner)

By: _____

Name: _____

Title: _____

Date: _____

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (LSPS Owner)

By: _____

Name: _____

Title: _____

Date: _____

LSPS OWNERS

BP EXPLORATION & PRODUCTION INC. (LSPS Owner and Operator)

By: [Signature]

Name: Thomas Howie

Title: MANAGING DIR. EAST

Date: 1/17/12

NOBLE ENERGY, INC. (LSPS Owner)

By: _____

Name: _____

Title: _____ PR

Date: _____

RED WILLOW OFFSHORE, LLC (LSPS Owner)

By: _____

Name: _____

Title: _____

Date: _____

HOUSTON ENERGY DEEPWATER VENTURES I, LLC (LSPS Owner)

By: _____

Name: _____

Title: _____

Date: _____

**SECOND AMENDMENT TO
PRODUCTION HANDLING AND OPERATING SERVICES AGREEMENT**

This Second Amendment to the Production Handling and Operating Services Agreement (this “**Agreement**”) is made effective as of October 15, 2018 (the “**Effective Date**”) by and among BP Exploration & Production Inc. (“**BP**”), Fieldwood Energy LLC (“**Fieldwood**”), Red Willow Offshore, LLC (“**Red Willow**”) and Houston Energy Deepwater Ventures I, LLC (“**HEDV**”). BP, Fieldwood, Red Willow and HEDV may each be referred to herein as a “**Party**” or collectively as “**Parties**”.

WITNESSETH

WHEREAS, reference is made to that certain Production Handling and Operating Services Agreement effective as of September 21, 2010, by and between BP, Noble Energy, Inc., Red Willow and HEDV, as amended by that certain First Amendment of the Production Handling and Operating Services Agreement effective as of December 1, 2011, by and between BP, Noble Energy, Inc., Red Willow and HEDV (the “**PHA**”); and

WHEREAS, the Parties desire to amend the definition of MC 519 UOA of the PHA to reflect a newly contemplated joint operating agreement;

NOW, THEREFORE, in consideration of the promises, mutual covenants and conditions herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. As of the Effective Date, Section 1.2.3 of the PHA shall be deleted in its entirety and replaced with the following:

Except for the Operating Services with respect to the MC 519 Unit Leases described in Article IV (Services) of this Agreement which shall be performed by the Host Operator hereunder, the provisions of (a) the MC 519 Unit Operating Agreement effective as of January 1, 2009 by and between BP, Noble, Red Willow and HEDV as amended by that certain First Amendment of the Unit Operating Agreement and Establishment of Lease Offshore Operating Agreements, dated effective as of October 10, 2014, by and among BP, Red Willow, HEDV, Noble Energy, Inc., Deep Gulf Energy III, LLC, Ridgewood South Santa Cruz, LLC and ILX Prospect South Santa Cruz, LLC as the owners of that portion of the MC 519 Unit Leases that does not cover the Operating Rights Interest in the SW4 and S2 NW4 from 0 – 14,000’ TVDSS (the “**CPN Prospect**”), hereinafter referred to as (the “**MC 519 Agreement**”) shall govern the rights, duties and obligations among such Producers associated with: (i) operations on such portions of the MC 519 Unit Leases; (ii) those portions of the Satellite Well System located on such portions of the MC 519 Unit Leases; and (iii) the decision-making process between the owners of such portions of the MC 519 Unit Leases related to this Agreement and (b) the provisions of the CPN Prospect Joint Operating Agreement effective as of October 15, 2018 by and among BP, Fieldwood Energy LLC, Red Willow and HEDV as the owners of the MC 519 Unit Leases to the extent covering the CPN Prospect (“**CPN Prospect JOA**”) shall govern the rights, duties and obligations among such Producers associated with: (i) operations on the CPN Prospect; (ii) those portions of the Satellite Well System located on the CPN Prospect; and (iii) the decision-making process between the owners of the CPN Prospect related to this Agreement. In this Agreement, the term “**MC 519 UOA**” shall refer to both the MC 519 Agreement and CPN Prospect JOA, as applicable.

2. The Parties hereby ratify Fieldwood as the successor in interest to Noble Energy, Inc. and agree that all references in the PHA to “Noble Energy, Inc.” or “Noble” or similar references shall refer to Fieldwood as of the date Fieldwood was assigned its interest in the PHA. All other terms and provisions of the PHA shall remain in full force and effect.
3. This Agreement may be executed in multiple counterparts, each of which when so executed shall be given the effect of execution of the original instrument. When so executed, the signatures of the Parties as attached hereto may be combined in, and treated, and given effect, for all purposes as a single instrument. The execution of this Agreement by electronic means shall have the same force and effect as delivery of an original document with original signatures and each Party may use such signatures as evidence of the execution and delivery of this Agreement by the Parties.
4. This Agreement shall be binding on the Parties, their successors and assigns forever.

[Signature page to follow.]

IN WITNESS WHEREOF, this Agreement is executed by each Party as of the date set forth below each Party's signature, but made effective as of the Effective Date.

BP Exploration & Production Inc.

By: Danielle Scott
Name: Danielle Scott
Title: Authorized Person
Date: December 10, 2018

Fieldwood Energy LLC

By: _____
Name: _____
Title: _____
Date: _____

Red Willow Offshore, LLC

By: _____
Name: _____
Title: _____
Date: _____

Houston Energy Deepwater Ventures I, LLC

By: _____
Name: _____
Title: _____
Date: _____

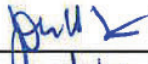
[Signature Page to the Second Amendment to the PHA]

IN WITNESS WHEREOF, this Agreement is executed by each Party as of the date set forth below each Party's signature, but made effective as of the Effective Date.

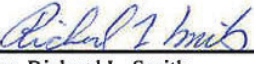
BP Exploration & Production Inc.

By: _____
Name: _____
Title: _____
Date: _____

Fieldwood Energy LLC

By: 
Name: John H. Smith
Title: Sr. V.P. Land + Business Development
Date: 12/6/18

Red Willow Offshore, LLC

By: 
Name: Richard L. Smith
Title: Executive Vice President - Offshore
Date: 12/4/2018

Houston Energy Deepwater Ventures I, LLC

By: _____
Name: _____
Title: _____
Date: _____

[Signature Page to the Second Amendment to the PHA]

IN WITNESS WHEREOF, this Agreement is executed by each Party as of the date set forth below each Party's signature, but made effective as of the Effective Date.

BP Exploration & Production Inc.

By: _____
Name: _____
Title: _____
Date: _____


Fieldwood Energy LLC

By:  _____
Name: John H. Smith
Title: Sr. V.P. Land & Business Development
Date: 12/6/18

Red Willow Offshore, LLC

By: _____
Name: _____
Title: _____
Date: _____

Houston Energy Deepwater Ventures I, LLC

By:  _____
Name: P. David Amend
Title: Vice President, Land
Date: November 28, 2018

[Signature Page to the Second Amendment to the PHA]

Execution Version

THIRD AMENDMENT TO PRODUCTION HANDLING AND OPERATING SERVICES AGREEMENT

This Third Amendment to the Production Handling and Operating Services Agreement (this “**Agreement**”) is made effective as of May 1, 2019 (the “**Effective Date**”) by and among BP Exploration & Production Inc. (“**BP**”), Fieldwood Energy LLC (“**Fieldwood**”), Red Willow Offshore, LLC (“**Red Willow**”) and Houston Energy Deepwater Ventures I, LLC (“**HEDV**”). BP, Fieldwood, Red Willow and HEDV may each be referred to herein as a “**Party**” or collectively as “**Parties**”.

WITNESSETH

WHEREAS, reference is made to that certain Production Handling and Operating Services Agreement effective as of September 21, 2010, by and between BP, Noble Energy, Inc. (predecessor in interest of Fieldwood), Red Willow and HEDV, as amended by that certain (a) First Amendment of the Production Handling and Operating Services Agreement effective as of December 1, 2011, by and between BP, Noble Energy, Inc., Red Willow and HEDV and (b) Second Amendment of the Production Handling and Operating Services Agreement effective as of October 15, 2018, by and among BP, Fieldwood, Red Willow and HEDV (the “**PHA**”); and

WHEREAS, the Parties desire to amend the definition of MC 519 UOA of the PHA to reflect newly contemplated joint operating agreements, and to reflect a change in certain handling charges as more specifically set forth herein;

NOW, THEREFORE, in consideration of the promises, mutual covenants and conditions herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. As of the Effective Date, Section 1.2.3 of the PHA shall be deleted in its entirety and replaced with the following:

Except for the Operating Services with respect to the MC 519 Unit Leases described in Article IV (*Services*) of this Agreement which shall be performed by the Host Operator hereunder, the provisions of (a) the MC 519 Unit Operating Agreement effective as of January 1, 2009 by and between BP, Noble, Red Willow and HEDV (as the same may be further amended from time to time) as the owners of that portion of the MC 519 Unit Leases that covers the Record Title Interest in all of Mississippi Canyon Block 519, the Operating Rights Interest in the SE/4 and S/2 SE/4 NE/4 of Mississippi Canyon Block 519 from 0 – 19,300’ TVDSS (the “**MC 519 Unit Area**”), hereinafter referred to as (the “**MC 519 Agreement**”) shall govern the rights, duties and obligations among such Producers associated with: (i) operations on the MC 519 Unit Area; (ii) those portions of the Satellite Well System located on the MC 519 Unit Area; and (iii) the decision-making process between the owners of the MC 519 Unit Area related to this Agreement; (b) the provisions of the CPN Joint Operating Agreement effective as of October 15, 2018 by and among BP, Fieldwood Energy LLC, Red Willow and HEDV (as the same may be further amended from time to time) as the owners of the MC 519 Unit Leases to the extent covering the SW/4 and S/2 NW/4 of the Mississippi Canyon Block 519 from 0 – 14,000’ TVDSS (the “**CPN Prospect**”) (such agreement, the “**CPN Prospect JOA**”) shall govern the rights, duties and obligations among such Producers associated with: (i) operations on the CPN Prospect; (ii) those portions of the Satellite Well System located on the CPN Prospect; and (iii) the decision-making process between the owners of the CPN Prospect related to this Agreement, (c) the Retained Operating Rights Joint Operating Agreement effective as of May 1, 2019 by and among BP, Fieldwood Energy LLC, Red Willow and HEDV (as the

same may be further amended from time to time) as the owners of the MC 519 Unit Leases to the extent covering the Operating Rights Interest in (i) the N/2 NE/4, SW/4 NE/4, N/2 SE/4 NE/4 and N/2 NW/4 of Mississippi Canyon Block 519 and depths extending from the surface to 99,999' TVDSS, (ii) the S/2 NW/4 of Mississippi Canyon Block 519 and depths extending from 14,000' to 99,999' TVDSS, and (iii) the S/2 and S/2 SE/4 NE/4 of Mississippi Canyon Block 519 and depths extending from 19,300' to 99,999' TVDSS (the **"Retained Operating Rights Area"**) (such agreement, the **"Retained Operating Rights JOA"**) shall govern the rights, duties and obligations among such Producers associated with: (i) operations on the Retained Operating Rights Area; (ii) those portions of the Satellite Well System located on the Retained Operating Rights Area; and (iii) the decision-making process between the owners of the Retained Operating Rights Area related to this Agreement and (d) the SASC Joint Operating Agreement effective as of May 1, 2019 by and among BP, Fieldwood Energy LLC, Red Willow and HEDV (as the same may be further amended from time to time) as owners of the MC 519 Unit Leases to the extent covering the Operating Rights Interest in the SW/4 of Mississippi Canyon Block 519 and from depths extending from 14,000 – 19,300' TVDSS (the **"SASC Area"**) (such agreement, the **"SASC JOA"**) shall govern the rights, duties and obligations among such Producers associated with: (i) operations on the SASC Area; (ii) those portions of the Satellite Well System located on the SASC Area; and (iii) the decision-making process between the owners of SASC Area related to this Agreement. In this Agreement, the term **"MC 519 UOA"** shall refer to the MC 519 Agreement, the CPN Prospect JOA, the Retained Operating Rights JOA and the SASC JOA, as applicable.

2. Notwithstanding anything contained to the contrary in the PHA, effective as of the Effective Date, with respect to the water that is produced from
 - a. that certain well operated by Fieldwood Energy LLC and bearing API Well Number 608174116201 known as the Santa Cruz well, and
 - b. that certain well operated by Fieldwood Energy LLC and bearing API Well Number 608174118401 known as the Santiago well,

the water handling fee set forth in Section 5.3.4(c) of the PHA for such water produced from the wells described in Sections 2(a) and 2(b) above shall be [REDACTED] per Barrel of such water allocated to each Producer on a monthly basis and Section 5.3.4(d) of the PHA shall no longer apply to such water handling fees for the life of such wells.

3. Notwithstanding anything contained to the contrary in the PHA, effective as of the Effective Date, with respect to the first well that is successfully completed within the SE/4 and S/2 SE/4 NE/4 of Mississippi Canyon Block 519 from depths extending from the surface to 19,300' from the surface TVDSS, the fee for the Oil, Gas and water that is produced from such well shall be as follows: (a) the Oil handling fee set forth in Section 5.3.4(a) of the PHA for such Oil shall be [REDACTED] per Barrel of such Oil Production allocated to each Producer on a monthly basis, (b) the Gas handling fee set forth in Section 5.3.4(b) of the PHA for such Gas shall be [REDACTED] per MSCF of such Gas Production allocated to each Producer on a monthly basis, (c) the water handling fee set forth in Section 5.3.4(c) of the PHA for such water produced shall be [REDACTED] per Barrel of such water allocated to each Producer on a monthly basis, and (d) Section 5.3.4(d) of the PHA shall no longer apply to such Oil, Gas and water handling fees for such well.
4. All other terms and provisions of the PHA shall remain in full force and effect.

5. This Agreement may be executed in multiple counterparts, each of which when so executed shall be given the effect of execution of the original instrument. When so executed, the signatures of the Parties as attached hereto may be combined in, and treated, and given effect, for all purposes as a single instrument. The execution of this Agreement by electronic means shall have the same force and effect as delivery of an original document with original signatures and each Party may use such signatures as evidence of the execution and delivery of this Agreement by the Parties.
6. This Agreement shall be binding on the Parties, their successors and assigns forever.

[Signature page to follow.]

IN WITNESS WHEREOF, this Agreement is executed by each Party as of the date set forth below each Party's signature, but made effective as of the Effective Date.

BP Exploration & Production Inc.

By: Danielle Scott
Name: Danielle Scott
Title: Authorized Person
Date: 5/16/2019

Fieldwood Energy LLC

By: _____
Name: _____
Title: _____
Date: _____

Red Willow Offshore, LLC

By: _____
Name: _____
Title: _____
Date: _____

Houston Energy Deepwater Ventures I, LLC

By: _____
Name: _____
Title: _____
Date: _____

[Signature Page to Third Amendment to Production Handling and Operating Services Agreement]

IN WITNESS WHEREOF, this Agreement is executed by each Party as of the date set forth below each Party's signature, but made effective as of the Effective Date.

BP Exploration & Production Inc.

By: _____
Name: _____
Title: _____
Date: _____

Fieldwood Energy LLC

By: John L. Smith
Name: John L. Smith
Title: Sr. Vice President
Date: 16 May 2019

Red Willow Offshore, LLC

By: _____
Name: _____
Title: _____
Date: _____

Houston Energy Deepwater Ventures I, LLC

By: _____
Name: _____
Title: _____
Date: _____

[Signature Page to Third Amendment to Production Handling and Operating Services Agreement]

IN WITNESS WHEREOF, this Agreement is executed by each Party as of the date set forth below each Party's signature, but made effective as of the Effective Date.

BP Exploration & Production Inc.

By: _____
Name: _____
Title: _____
Date: _____

Fieldwood Energy LLC

By: _____
Name: _____
Title: _____
Date: _____

Red Willow Offshore, LLC

By: Richard L. Smith
Name: Richard L. Smith
Title: Executive Vice President - Offshore
Date: 5/16/2019

Houston Energy Deepwater Ventures I, LLC

By: _____
Name: _____
Title: _____
Date: _____

[Signature Page to Third Amendment to Production Handling and Operating Services Agreement]

IN WITNESS WHEREOF, this Agreement is executed by each Party as of the date set forth below each Party's signature, but made effective as of the Effective Date.

BP Exploration & Production Inc.

By: _____
Name: _____
Title: _____
Date: _____


Fieldwood Energy LLC

By: _____
Name: _____
Title: _____
Date: _____

Red Willow Offshore, LLC

By: _____
Name: _____
Title: _____
Date: _____

Houston Energy Deepwater Ventures I, LLC

By: 
Name: P. David Amend
Title: Vice President, Land
Date: 5/16/2019

[Signature Page to Third Amendment to Production Handling and Operating Services Agreement]